

DEPARTMENT OF TREASURY

DEPARTMENTAL OFFICES

Salaries and Expenses

**Treasury Building and Annex Repair and Restoration
Department-wide Systems and Capital Investment Program**

FISCAL YEAR 2006

CONGRESSIONAL BUDGET SUBMISSION

**DEPARTMENTAL OFFICES
FY 2006 PERFORMANCE BUDGET REQUEST**

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SECTION 1 – STRATEGIC CONTEXT

STRATEGIC CONTEXT FOR THE FY 2006 BUDGET/PERFORMANCE PLAN (EXHIBIT 1A)

Departmental Offices (DO) has a unique role as the headquarters bureau for the Department of the Treasury. DO must provide leadership in critical areas such as economic and financial policy, law enforcement, and general management of the Treasury Department. DO is the primary organization responsible for Treasury Department policy direction and formulation and supports Treasury's role in leading the country and the world to more prosperous and stable economies through improving financial and economic systems, promoting a safe and secure America, and collecting the revenue due to the government.

The FY 2006 budget justification and performance plan outlines DO's resource requirements and associated performance targets. It also demonstrates how DO achieves its strategic plan goals and how achievement of those goals is ascertained through performance goals, measures, and performance reports. The proposed FY 2006 level meets core DO needs and supports the key components of the President's budget strategy.

Mission

The mission of DO mirrors the two-part mission of the Department of the Treasury which is to promote the conditions for prosperity and stability in the United States and encourage prosperity and stability in the rest of the world. DO further defines its mission through the following six budget activities:

<i>Executive Direction Activity:</i>	To Provide Direction, Policy Formulation, and Coordination by the Secretary and Deputy Secretary
<i>Economic Activity:</i>	To Promote Prosperous and Stable American and World Economies
<i>Financial Activity:</i>	To Effectively Manage the Government's Finances
<i>Financial Crimes Activity:</i>	To Fight the War on Terrorist Finance and Safeguard Our Financial Systems
<i>Treasury-Wide Management Activity:</i>	To Ensure Professionalism, Excellence, Integrity and Accountability in the Management and Conduct of the Department and Continue to Build a Strong Institution
<i>Administration Activity:</i>	To Provide Operational Support to Headquarters Offices

DO formulates and oversees implementation of domestic and international economic, financial, tax, enforcement, and management policies of both the Department and of the Federal government. These responsibilities include:

- Recommending and implementing U.S. domestic and international economic, financial services, tax, and fiscal policy;

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- Managing the development of financial policy on the public debt;
- Overseeing the fiscal operations of the Federal government;
- Representing the U.S. on international monetary, trade, and investment issues;
- Fighting the war on terrorist finance by countering, investigating, and prosecuting terrorists;
- Maintaining foreign assets control;
- Managing Treasury's overseas operations and major regulatory functions relative to international trade, depository institutions, the collection of revenue related to domestic consumption of alcohol and tobacco and;
- Setting policy, directing and overseeing bureaus and programs, and managing the internal management operations of the Department. DO does not have a separate strategic plan but is fully covered by the Treasury-wide strategic plan. Thus DO's strategic goals and objectives follow the Department's plan.

Key Strategic Issues

This request includes funding to enhance support of DO's mission and to continue operational excellence. Consistent with Congress's direction under the Intelligence Authorization Act (31 U.S.C. 311), Treasury Order 105-17 (dated April 28, 2004) established the Office of Terrorism and Financial Intelligence (TFI). TFI provides policy, strategic, and operational direction to the Department on issues relating to terrorist financing and financial crimes, including money laundering, counterfeiting, and other offenses threatening the integrity of the financial system. The establishment of TFI unifies the functions of the Office of Intelligence Analysis and Security Programs, the Office of Terrorist Financing and Financial Crimes, the Financial Crimes Enforcement Network, the Office of Foreign Assets Control, and the Treasury Executive Office for Asset Forfeiture.

In addition to the Treasury Building and Annex Repair and Restoration project, DO will continue major facilities projects and services for the Main Treasury and Treasury Annex buildings to ensure the safety and health of occupants and to perform critical and non-critical structural repairs and improvements.

DO will provide significant support for the President's Management Agenda to improve the Treasury's financial performance and expand electronic government initiatives. In addition, the budget request supports the on-going effort in the areas of information and operational security. The Chief Information Officer will continue to modernize the IT infrastructure, including upgrading the Storage Area Network and DO Exchange Server, and enhance remote access. It also requests funding to upgrade technology for the Media Room in the Main Treasury building.

CHANGES/ADDITIONS BETWEEN THE STRATEGIC PLAN AND/OR BUDGET ACTIVITIES (EXHIBIT 1b)

The FY 2005 enacted level leaves Treasury unable to complete the Treasury Building and Annex Repair and Restoration (TBARR) project and therefore, part of the main Treasury building remains uninhabitable. Additional funds are needed in FY 2006 to complete the project and re-occupy the affected space. Additionally, as noted above, major facilities projects will continue in the Main Treasury and Treasury Annex buildings to ensure the safety and health of occupants.

The new office for the Under Secretary for Enforcement, the Office of Terrorism and Financial Intelligence (TFI), is established under the Financial Crimes Policies and Programs budget activity. The existing Office of Intelligence Support within the new Office of Intelligence and Analysis is moved from the Treasury-Wide Management Policies and Programs Budget Activity to TFI under the Financial Crimes Policies and Programs Budget Activity. The realignment of these budget activities is reflected in Table 1.2 on page 8. Also, for FY 2005, OFAC was provided to Treasury as a separate appropriation. The FY 2006 request proposes restoring the Office of Foreign Assets Control to the Salaries and Expenses appropriation which will allow proper alignment with TFI. It also proposes transferring the Office of Emergency Preparedness from Management to the Deputy Assistant Secretary for Security to better align security and recovery functions under one organization. Finally, the FY 2006 request proposes transferring the majority of the Foreign Terrorist Division to TFI for better strategic and operational alignment under the Office of Intelligence and Analysis.

DEPARTMENTAL OFFICES SUPPORT OF TREASURY GOALS AND OBJECTIVES (TABLE 1.1)

The table below displays the relationship between Departmental Offices strategic and performance goals to Treasury's Strategic Plan.

Treasury Strategic Goal: Promote Prosperous U.S. and World Economies (E1)	
Treasury Strategic Objective	DO Performance Goals Linked to Strategic Goal
Stimulate economic growth and job creation (E1A)	Promote economic growth world-wide Increase free trade and cross-border investment Simplify and reform the tax code Increase free-trade and remove barriers to investment

Treasury Strategic Goal: Promote stable U.S. and World Economies (E2)	
Treasury Strategic Objective	DO Performance Goals Linked to Strategic Goal
Increase citizens' economic security (E2A) Improve the stability of international financial system (E2B)	Strengthen the stability and efficiency of global capital markets and promote framework for international investment Provide responsible global stewardship of U.S. Government dollars in international financial institutions Improve citizens' economic security

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Treasury Strategic Goal: Preserve the Integrity of Financial Systems (F3)	
Treasury Strategic Objective	DO Performance Goals Linked to Strategic Goal
<p>Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A)</p> <p>Execute the Nation's financial sanctions policies (F3B)</p> <p>Increase the reliability of the U.S. financial system (F3C)</p>	<p>Engage international partners in disrupting terrorist financing</p>
<p>Increase the reliability of the U.S. financial system (F3C)</p>	<p>Administer and evaluate the Terrorist Risk Insurance Program</p> <p>Implement critical infrastructure protection policies</p>
<p>Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A)</p>	<p>Identify, trace, and freeze financial assets of terrorists and other financial criminals</p>
<p>Execute the Nation's financial sanctions policies (F3B)</p>	<p>Strengthen coordination and cooperation to enforce financial sanctions policies globally</p>

Treasury Strategic Goal: Manage the Government's Finances Effectively (F4)	
Treasury Strategic Objective	DO Performance Goals Linked to Strategic Goal
<p>Collect federal tax revenue when due through a fair and uniform application of the law (F4A)</p> <p>Manage federal debt effectively and efficiently (F4B)</p> <p>Optimize cash management and effectively administer the government's financial systems (F4D)</p>	<p>Achieve "lowest cost" financing over time</p> <p>Make accurate, timely financial information on U.S. government programs readily available</p>

Treasury Strategic Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury (M5)	
Treasury Strategic Objective	DO Performance Goals Linked to Strategic Goal
Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B)	<p>Each Bureau's supervisory, managerial, and SES individual performance plans include a measure for human capital and EEO accountability</p> <p>Protect workers and workplace from security breaches</p> <p>Promote workplaces free of uncontrolled health, safety, and environmental risks</p> <p>Increase the use of Alternative Dispute Resolution (ADR) and preventative techniques to improve the quality of the workplace</p> <p>Integrate bureau financial data into a department-wide financial analysis and reporting system</p> <p>Improve the quality and timeliness of the required audit of Treasury-wide financial statements</p> <p>Reduce/prevent internal control/audit resolution open items</p> <p>Ensure compliance with Federal Financial Management Improvement act of 1996</p> <p>Ensure IT and Non-IT investments improve performance and facilitate mission goals</p> <p>Expand A-76 competitions and provide a more accurate FAIR Act Inventory</p> <p>Improve computer security across the department by ensuring that all Treasury IT systems are certified and accredited to operate</p> <p>Integrate budget and performance data to ensure that unit cost information is available to inform budget decision</p>

CROSSWALK OF PROPOSED REALIGNMENT OF BUDGET ACTIVITIES (Table 1.2)
(Dollars in Thousands)

BUDGET ACTIVITIES BY APPROPRIATION AND PROGRAM 1/	FY 2004 Actual		FY 2005 Enacted Budget		FY 2006 Budget Estimate	
	FTE	AMOUNT	FTE	AMOUNT	FTE	Amount
SUMMARY OF BUDGET ACTIVITIES BY APPROPRIATION ACCOUNT						
Salaries and Expenses	874	171,359	960	178,411	1,005	195,253
1. Executive Direction Program	106	13,662	112	14,683	114	16,656
2. Economic Policies and Program	199	28,600	218	29,936	222	32,011
3. Financial Policies and Programs	163	22,703	177	25,127	182	24,720
4. Financial Crimes Policies and Programs	159	27,168	205	31,755	233	39,938
5. Treasury-Wide Management Policies and Programs	84	15,698	96	15,987	94	16,843
6. Administration Programs	163	63,527	152	60,924	160	65,084
Treasury Building and Annex Repair and Restoration	10	24,852	0	12,217	0	10,000
Department-wide Systems and Capital Investment Program	0	36,185	0	32,002	0	24,412
BUDGET ACTIVITIES BY PROGRAM						
1. Executive Direction Programs	106	13,662	112	14,683	114	16,656
2. Economic Policies and Programs	199	28,600	218	29,936	222	32,011
Economic Policy	29	3,793	32	4,004	34	4,458
International Affairs	170	24,807	186	25,932	188	27,553
3. Financial Policies and Programs	163	22,703	177	25,127	182	24,720
Tax Policy	93	13,689	97	13,625	97	14,222
Domestic Finance	70	9,015	80	11,503	85	10,498
4. Financial Crimes Policies and Programs 2/	159	27,168	205	31,755	233	39,938
U/S Terrorism and Financial Intelligence	-	188	8	1,966	8	1,998
Terrorist Financing and Financial Crimes	10	1,746	25	3,461	28	4,145
Office of Intelligence and Analysis	19	3,533	34	4,214	72	11,764
Office of Foreign Asset Control	130	21,701	138	22,113	125	22,032
5. Treasury-Wide Management Policies and Programs	84	15,698	96	15,987	94	16,843
Treasury-Wide Management and CFO Programs	84	12,927	96	12,621	94	11,671
Treasury-wide Financial Statement Audit	0	2,771	0	3,366	0	5,173
6. Administration Programs	163	63,527	152	60,924	160	65,084
Subtotal, Budget Activities by Program	874	171,359	960	178,411	1,005	195,253
Treasury Building and Annex Repair and Restoration	10	24,852	0	12,217	0	10,000
Department-wide Systems and Capital Investment Program	0	36,185	0	32,002	0	24,412
Total, Departmental Offices	884	232,396	960	222,631	1,005	229,665

1/ FY 2004 and FY 2005 Budget Activities are presented in the same format as requested for FY 2006 in the FY 2005 congressional report language.

2/ Includes Intelligence Support and Executive Office of Terrorist Financing and Financial Crimes. In FY 2004, Intelligence Support was moved from the Treasury-Wide Management Policies and Programs Budget Activity to the Financial Crimes Policies and Programs Budget Activity. FY 2006 includes transfer of Office of Emergency Preparedness from Treasury-wide Management to the DAS Security. It also includes the transfer of the majority of the Foreign Terrorist Division from OFAC to the Office of Intelligence and Analysis.

APPROPRIATION LANGUAGE SHEET AND JUSTIFICATION LANGUAGE CHANGES (EXHIBIT 1c)

DEPARTMENT OF THE TREASURY
DEPARTMENTAL OFFICES

FEDERAL FUNDS

General and Special Funds:

SALARIES AND EXPENSES

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs; and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business [\$157,559,000] *\$195,253,000*, of which not to exceed [\$7,274,000] *\$16,656,000* for executive direction program activities; [not to exceed \$7,200,000 for general counsel program activities,] not to exceed [\$31,657,000] *\$32,011,000* for economic policies and program activities; not to exceed [\$26,072,000] *\$24,721,000* for financial policies and program activities; not to exceed [\$10,633,000] *\$39,938,000* for [terrorism and financial intelligence] *financial crimes* policies and program activities; not to exceed [\$16,760,000] *\$16,843,000* for Treasury-wide management policies and program activities; not to exceed [\$57,963,000] *\$65,084,000* for administrative program activities: *[Provided, That the Secretary of the Treasury is authorized to transfer funds appropriated for any program activity of the Departmental Offices to any other program activity of the Departmental Offices upon notification to the House and Senate Committees on Appropriations: Provided further, That no appropriation for any program activity shall be increased or decreased by more than 2.5 percent by all such transfers: Provided further, That notification of any change in funding greater than 2.5 percent shall be submitted for approval to the House and Senate Committees on Appropriations: Provided further, That the funds identified within the administration program activity to support "Office of Foreign Assets Control": Provided further, That this transfer authority shall be in addition to any other provided in this Act:]* *Provided further, That of the amount appropriated under this heading, not to exceed \$3,000,000, to remain available until September 30, [2006] 2007, for information technology modernization requirements; not to exceed \$150,000 for official reception and representation expenses; not to exceed \$258,000 for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate: Provided further, That of the amount appropriated under this heading, [\$3,393,000] \$5,173,000, to remain available until September 30, [2006] 2007, is for the Treasury-wide Financial Statement Audit Program, of which such amounts as may be necessary may be transferred to accounts of the Department's offices and bureaus to conduct audits: Provided further, That this transfer authority shall be in addition to any other provided in this Act. (Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005)*

**[OFFICE OF FOREIGN ASSETS CONTROL]
[SALARIES AND EXPENSES]**

[For necessary expenses of the Office of Foreign Assets Control, \$22,291,000: *Provided*, That the funding available shall support no less than 138 full time equivalent positions.] (*Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005.*)

JUSTIFICATION OF LANGUAGE CHANGES

Departmental Offices is seeking additional funding for the Treasury-wide Financial Statement Audit Program because the cost associated with audit contracts is expected to increase in FY 2005, partly because of the scope of audits changes annually and the FY 2006 audit is expected to be broader in scope.

The FY 2006 request proposes restoring OFAC to the Salaries and Expenses appropriation which will allow for proper alignment with the Office of Terrorism and Financial Intelligence.

Departmental Offices is seeking to consolidate the General Counsel program activity with the Executive Direction program activity because the Office of General Counsel supports the Secretary, the Deputy Secretary and their immediate staffs with direction, policy formulation and coordination.

Department Offices is seeking to remove the reprogramming restriction to allow the Secretary greater flexibility to direct and manage resources most efficiently and to fund priorities as they occur throughout the year.

TREASURY BUILDING AND ANNEX REPAIR AND RESTORATION

For the repair, alteration and improvement of Treasury Building and Annex, [\$12,316,000] \$10,000,000 to remain available until September 30, [2007] 2008. (*Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005.*)

**DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENT PROGRAM
(INCLUDING TRANSFER OF FUNDS)**

For development and acquisition of automatic data processing equipment, software and services for the Department of the Treasury, [\$32,260,000] \$24,412,000, to remain available until September 30, [2007] 2008: *Provided*, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act: *Provided further*, That none of the funds appropriated shall be used to support or supplement the "Internal Revenue Service, [Information Systems] Tax Administration and Operations" or "Internal Revenue Service, Business Systems Modernization". (*Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005.*)

**[EXPANDED ACCESS TO FINANCIAL SERVICES]
[(RESCISSION)]**

[Of the unobligated balances available under this heading, \$4,000,000 are rescinded.] (*Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005.*)

SECTION 2 – THE PERFORMANCE BUDGET

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Table 2.1) (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Enacted	FY 2006 Estimate
Treasury Goal: Promote Prosperous U.S. and World Economies (E1)			
Appropriated Budget Obligations	\$45,728	\$28,886	\$52,685
Appropriated Full-time Equivalents (FTE)	243	250	283
Reimbursable Budget Obligations	\$214	\$223	\$232
Reimbursable Full-time Equivalents (FTE)	2	2	2
Total Budget Obligations	\$45,942	\$29,109	\$52,917
Total Full-time Equivalents (FTE)	245	252	285
<i>Objective: Increase economic growth and create jobs (E1A)</i>			
Appropriated Budget Obligations	\$40,106	\$25,433	\$38,897
Direct Full-time Equivalents	213	221	210
Reimbursable Budget Obligations	\$214	\$223	\$232
Reimbursable Full-time Equivalents	2	2	2
<i>Total Budget Obligations</i>	<i>\$40,320</i>	<i>\$25,656</i>	<i>\$39,129</i>
<i>Total Full-time Equivalents</i>	<i>215</i>	<i>223</i>	<i>212</i>
<i>Objective: Improve and simplify the tax code (E1C)</i>			
Appropriated Budget Obligations	\$5,622	\$3,452	\$13,788
Direct Full-time Equivalents	30	29	73
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents	0	0	0
<i>Total Budget Obligations</i>	<i>\$5,622</i>	<i>\$3,452</i>	<i>\$13,788</i>
<i>Total Full-time Equivalents</i>	<i>30</i>	<i>29</i>	<i>73</i>

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Table 2.1 Continued) (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Enacted	FY 2006 Estimate
Treasury Goal: Promote Stable U.S. and World Economies (E2)			
Appropriated Budget Obligations	\$22,727	\$14,949	\$27,298
Appropriated Full-time Equivalents (FTE)	38	41	148
Reimbursable Budget Obligations	\$3,143	\$2,156	\$2,241
Reimbursable Full-time Equivalents (FTE)	18	16	16
Total Budget Obligations	\$25,870	\$17,105	\$29,539
Total Full-time Equivalents (FTE)	56	57	164
<i>Objective: Increase citizens' economic security (E2A)</i>			
Appropriated Budget Obligations	\$4,593	\$3,289	\$5,240
Direct Full-time Equivalents	26	28	30
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents	0	0	0
<i>Total Budget Obligations</i>	<i>\$4,593</i>	<i>\$3,289</i>	<i>\$5,240</i>
<i>Total Full-time Equivalents</i>	<i>26</i>	<i>28</i>	<i>30</i>
<i>Objective: Improve the stability of the international financial systems (E2B)</i>			
Appropriated Budget Obligations	\$18,134	\$11,660	\$22,059
Direct Full-time Equivalents	12	13	117
Reimbursable Budget Obligations	\$3,143	\$2,156	\$2,241
Reimbursable Full-time Equivalents	18	16	16
<i>Total Budget Obligations</i>	<i>\$21,277</i>	<i>\$13,816</i>	<i>\$24,300</i>
<i>Total Full-time Equivalents</i>	<i>30</i>	<i>29</i>	<i>133</i>

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Table 2.1 Continued) (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Enacted	FY 2006 Estimate
Treasury Goal: Preserve the Integrity of Financial Systems (F3)			
Appropriated Budget Obligations	\$56,272	\$42,263	\$70,193
Appropriated Full-time Equivalents (FTE)	278	324	345
Reimbursable Budget Obligations	\$2,468	\$2,567	\$2,901
Reimbursable Full-time Equivalents (FTE)	23	23	25
Total Budget Obligations	\$58,740	\$44,830	\$73,094
Total Full-time Equivalents (FTE)	301	347	370
<i>Objective : Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks (F3A)</i>			
Appropriated Budget Obligations	\$14,544	\$14,300	\$27,648
Direct Full-time Equivalents	69	107	130
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents	\$0	0	0
<i>Total Budget Obligations</i>	<i>\$14,544</i>	<i>\$14,300</i>	<i>\$27,648</i>
<i>Total Full-time Equivalents</i>	<i>69</i>	<i>107</i>	<i>130</i>
<i>Objective : Execute the nation's financial sanctions policies (F3B)</i>			
Appropriated Budget Obligations	\$35,700	\$23,617	\$38,344
Direct Full-time Equivalents	175	180	190
Reimbursable Budget Obligations	\$2,468	\$2,567	\$2,669
Reimbursable Full-time Equivalents	23	23	23
<i>Total Budget Obligations</i>	<i>\$38,168</i>	<i>\$26,184</i>	<i>\$41,013</i>
<i>Total Full-time Equivalents</i>	<i>198</i>	<i>203</i>	<i>213</i>
<i>Objective : Increase the reliability of the U.S. financial system (F3C)</i>			
Appropriated Budget Obligations	\$6,028	\$4,346	\$4,201
Direct Full-time Equivalents	34	37	25
Reimbursable Budget Obligations	\$0	\$0	\$232
Reimbursable Full-time Equivalents	0	0	2
<i>Total Budget Obligations</i>	<i>\$6,028</i>	<i>\$4,346</i>	<i>\$4,433</i>
<i>Total Full-time Equivalents</i>	<i>34</i>	<i>37</i>	<i>27</i>

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Table 2.1 Continued) (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Enacted	FY 2006 Estimate
Treasury Goal: Manage the Government's Finances Effectively (F4)			
Appropriated Budget Obligations	\$20,217	\$13,508	\$17,722
Appropriated Full-time Equivalents (FTE)	110	114	100
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents (FTE)	0	0	0
Total Budget Obligations	\$20,217	\$13,508	\$17,722
Total Full-time Equivalents (FTE)	110	114	100
<i>Objective: Collect federal tax revenue when due, through a fair and uniform application of the law (F4A)</i>			
Appropriated Budget Obligations	\$11,244	\$6,905	\$7,921
Direct Full-time Equivalents	59	59	42
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents	0	0	0
<i>Total Budget Obligations</i>	<i>\$11,244</i>	<i>\$6,905</i>	<i>\$7,921</i>
<i>Total Full-time Equivalents</i>	<i>59</i>	<i>59</i>	<i>42</i>
<i>Objective: Manage federal debt effectively and efficiently (F4B)</i>			
Appropriated Budget Obligations	\$5,384	\$3,962	\$3,400
Direct Full-time Equivalents	30	33	20
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents	0	0	0
<i>Total Budget Obligations</i>	<i>\$5,384</i>	<i>\$3,962</i>	<i>\$3,400</i>
<i>Total Full-time Equivalents</i>	<i>30</i>	<i>33</i>	<i>20</i>
<i>Objective: Optimize cash management and effectively administer the government's financial systems (F4D)</i>			
Appropriated Budget Obligations	\$3,589	\$2,642	\$6,401
Direct Full-time Equivalents	20	22	37
Reimbursable Budget Obligations	\$0	\$0	\$0
Reimbursable Full-time Equivalents	0	0	0
<i>Total Budget Obligations</i>	<i>\$3,589</i>	<i>\$2,642</i>	<i>\$6,401</i>
<i>Total Full-time Equivalents</i>	<i>20</i>	<i>22</i>	<i>37</i>

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Table 2.1 Continued) (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Enacted	FY 2006 Estimate
Treasury Goal: Ensure professionalism, excellence, integrity, and accountability in the management and conduct of the Department of the Treasury (M5)			
Appropriated Budget Obligations	\$87,453	\$62,252	\$61,766
Appropriated Full-time Equivalents (FTE)	121	132	129
Reimbursable Budget Obligations	\$4,294	\$4,500	\$4,679
Reimbursable Full-time Equivalents (FTE)	36	40	40
Total Budget Obligations	\$91,747	\$66,752	\$66,445
Total Full-time Equivalents (FTE)	157	172	169
<i>Objective: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B)</i>			
Appropriated Budget Obligations	\$87,453	\$62,252	\$61,766
Direct Full-time Equivalents	121	132	129
Reimbursable Budget Obligations	\$4,294	\$4,500	\$4,679
Reimbursable Full-time Equivalents	36	40	40
Total Budget Obligations	\$91,747	\$66,752	\$66,445
Total Full-time Equivalents	157	172	169

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ANALYSIS OF FY 2005 PRESIDENT'S BUDGET LEVEL (Table 2.2)											Amount	
							FTE	(\$000)				
FY 2005 Consolidated Appropriations (H.R. 4818)							960	\$224,426				
Salaries and Expenses							822	\$157,559				
Treasury Building and Annex Repair and Restoration							0	\$12,316				
Department-Wide Systems and Capital Investments Program							0	\$32,260				
Office of Foreign Asset Control							138	\$22,291				
Proposed Recission (H.R. 4818)							0	(\$1,795)				
FY 2005 Enacted Appropriation.....							960	222,631				
DIGEST OF FY 2006 BUDGET ESTIMATES BY ACTIVITY (Table 2.3)												
(Dollars in Thousands)												
BUDGET ACTIVITY	FY 2004		FY 2005		FY 2006		INCREASE (+) OR DECREASE (-) FOR FY 2006					
	Actual 1/		Enacted Budget		Budget Estimate		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Appropriated Resources (all sources)												
1. Executive Direction Programs	106	\$13,662	112	\$14,683	114	\$16,656	2	\$1,974	2	\$1,974	0	\$0
2. Economic Policies and Programs	199	\$28,600	218	\$29,936	222	\$32,011	4	\$2,075	4	\$2,075	0	\$0
Economic Policy	29	\$3,793	32	\$4,004	34	\$4,458	2	\$454	2	\$454	0	\$0
International Affairs	170	\$24,807	186	\$25,932	188	\$27,553	2	\$1,621	2	\$1,621	0	\$0
3. Financial Policies and Programs	163	\$22,703	177	\$25,127	182	\$24,720	5	(\$407)	5	(\$407)	0	\$0
Tax Policy	93	\$13,689	97	\$13,625	97	\$14,222	0	\$597	0	\$597	0	\$0
Domestic Finance	70	\$9,015	80	\$11,503	85	\$10,498	5	(\$1,004)	5	(\$1,004)	0	\$0
4. Financial Crimes Policies and Programs 1/	159	\$27,168	205	\$31,755	233	\$39,938	28	\$8,184	28	\$8,184	0	\$0
U/S Terrorism and Financial Intelligence	0	\$188	8	\$1,966	8	\$1,998	0	\$32	0	\$32	0	\$0
Terrorist Financing and Financial Crimes	10	\$1,746	25	\$3,461	28	\$4,145	3	\$683	3	\$683	0	\$0
Office of Intelligence and Analysis	19	\$3,533	34	\$4,214	72	\$11,764	38	\$7,550	38	\$7,550	0	\$0
Office of Foreign Assets Control	130	\$21,701	138	\$22,113	125	\$22,032	(13)	(\$81)	(13)	(\$81)	0	\$0
5. Treasury-wide Management Policies and Programs	84	\$15,698	96	\$15,987	94	\$16,843	(2)	\$857	6	\$857	0	\$0
Management and CFO Programs	84	\$12,927	96	\$12,621	94	\$11,671	(2)	(\$950)	(2)	(\$950)	0	\$0
Treasury-Wide Financial Statement Audits	0	\$2,771	0	\$3,366	0	\$5,173	0	\$1,807	0	\$1,807	0	\$0
6. Administration Programs	163	\$63,527	152	\$60,924	160	\$65,084	8	\$4,160	8	\$4,160	0	\$0
Subtotal, Appropriated Resources	874	\$171,359	960	\$178,411	1,005	\$195,253	45	\$16,842	45	\$16,842	0	\$0
Treasury Building and Annex Repair and Restoration	10	\$24,852	0	\$12,217	0	\$10,000	0	(\$2,217)	0	(\$2,217)	0	\$0
Department-Wide Systems and Capital Investment Programs	0	\$36,185	0	\$32,002	0	\$24,412	0	(\$7,590)	0	(\$7,590)	0	\$0
Total, Appropriated Resources	884	\$232,396	960	\$222,631	1,005	\$229,665	45	\$7,034	45	\$7,034	0	\$0
Adjustments (+/-):												
Offsetting Collections - Reimbursable 2/	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Program Operating Level												
1. Executive Direction Programs	106	\$13,662	112	\$14,683	114	\$16,656	2	\$1,974	2	\$1,974	0	\$0
2. Economic Policies and Programs	217	\$31,743	234	\$32,092	238	\$34,252	4	\$2,160	4	\$2,160	0	\$0
3. Financial Policies and Programs	165	\$22,917	179	\$25,350	186	\$25,184	7	(\$166)	7	(\$166)	0	\$0
4. Financial Crimes Policies and Programs	182	\$29,636	228	\$34,322	256	\$42,607	28	\$8,286	28	\$8,286	0	\$0
5. Treasury-wide Management Policies and Programs	120	\$19,992	136	\$20,487	134	\$21,522	(2)	\$1,036	(2)	\$1,036	0	\$0
6. Administration Programs	163	\$63,527	152	\$60,924	160	\$65,084	8	\$4,160	8	\$4,160	0	\$0
Treasury Building and Annex Repair and Restoration	10	\$24,852	0	\$12,217	0	\$10,000	0	(\$2,217)	0	(\$2,217)	0	\$0
Department-Wide Systems and Capital Investment Programs	0	\$36,185	0	\$32,002	0	\$24,412	0	(\$7,590)	0	(\$7,590)	0	\$0
Total, Program Operating Level	963	\$242,515	1,041	\$232,077	1,088	\$239,718	37	\$11,316	37	\$11,316	0	\$0
1/ Includes Intelligence Support and Executive Office of Terrorist Financing and Financial Crimes. In FY 2004, Intelligence Support was moved from the Treasury-Wide Management Policies and Programs Budget Activity to the Financial Crimes Policies and Programs Budget Activity. In FY 2006 the Office of Emergency Preparedness transfers from Treasury-wide Management to the DAS Security and the majority of the Foreign Terrorist Division transfers from OFAC to the Office of Intelligence and Analysis.												
2/ Detail of reimbursements collected is presented in the Budget Activities sections of this request and reflected in the below Program Operating Levels.												

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SUMMARY EXPLANATIONS OF FISCAL YEAR 2006 REQUESTED CHANGES BY ACTIVITY (Table 2.6)														
(All initiatives are listed in order of priority)														
(Dollars in Thousands)														
Requested Changes	Executive Direction Programs		Economic Policies and Programs		Financial Policies and Programs		Financial Crimes Policies and Programs		Treasury-Wide Management Policies and Programs		Administration Programs		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
PROGRAM INCREASES/REINVESTMENTS: (in order of priority)														
1 <u>Salaries and Expenses (SE)</u>	2	1,053	1	495	2	300	23	5,023	0	1,807	0	2,755	28	11,433
A. Office of Intelligence Analysis Analysts (TFI)	0	0	0	0	0	0	10	1,843	0	0	0	0	10	1,843
B. Office of Terrorism Financing Staff (TFI)	0	0	0	0	0	0	3	587	0	0	0	0	3	587
C. Personnel Security Investigations (TFI)	0	0	0	0	0	0	0	115	0	0	0	0	0	115
D. General Counsel Support for TFI (OGC)	1	171	0	0	0	0	0	0	0	0	0	0	1	171
E. Legislative Affairs Support for TFI (LA)	1	162	0	0	0	0	0	0	0	0	0	0	1	162
F. Office of Foreign Assets Control Staffing (OFAC)	0	0	0	0	0	0	9	1,721	0	0	0	0	9	1,721
G. Cuba Sanctions Litigation Unit (OFAC - OGC)	0	0	0	0	0	0	1	81	0	0	0	0	1	81
H. Building Safety and Structural Repairs (ASM - HQ OPS)	0	0	0	0	0	0	0	0	0	0	1,000	0	1,000	0
I. Financial Statement Audits (ASM - DCFO)	0	0	0	0	0	0	0	0	0	1,807	0	0	0	1,807
J. Modernization of the DO IT infrastructure (CIO)	0	0	0	0	0	0	0	0	0	0	1,755	0	1,755	0
K. Integration of the Multi-Media Room (PA)	0	720	0	0	0	0	0	0	0	0	0	0	0	720
L. Upgrade of Fiscal Projections Program (DF)	0	0	0	0	2	300	0	0	0	0	0	0	2	300
M. Overseas Presence (IA)	0	0	1	200	0	0	0	0	0	0	0	0	1	200
N. Foreign Credit Reporting System Operations & Maintenance (IA)	0	0	0	295	0	0	0	0	0	0	0	0	0	295
O. Declassification Project (TFI - SP)	0	0	0	0	0	0	0	676	0	0	0	0	0	676
2 <u>Treasury Building and Annex Repair and Restoration</u>	0	0	0	0	0	0	0	0	0	10,000	0	0	0	10,000
3 <u>Department-Wide Systems and Capital Investment Program (DSCIP)</u>	0	0	0	0	0	0	0	8,800	0	1,100	0	0	0	9,900
A. TS/SCI Network (CIO with TFI)	0	0	0	0	0	0	0	6,000	0	0	0	0	0	6,000
B. Treasury Secure Data Network (CIO)	0	0	0	0	0	0	0	2,800	0	0	0	0	0	2,800
C. Documents Management (CIO with ASM - HQ OPS)	0	0	0	0	0	0	0	0	0	600	0	0	0	600
D. Defense Messaging System (CIO)	0	0	0	0	0	0	0	0	0	500	0	0	0	500
SUBTOTAL, PROGRAM INCREASES/REINVESTMENTS	2	1,053	1	495	2	300	23	13,823	0	12,907	0	2,755	28	31,333
TOTAL ADJUSTMENTS TO BASE:														
1 <u>Salaries and Expenses</u>	0	407	0	856	0	(1,676)	17	4,922	0	368	0	1,532	17	2,366
A. Adjustments Necessary to Maintain Current Levels (SE):	0	407	0	856	0	658	0	880	0	368	0	1,532	0	4,700
B. Critical Infrastructure Protection	0	0	0	0	0	(1,000)	0	0	0	0	0	0	0	(1,000)
C. Financial Literacy	0	0	0	0	0	(1,000)	0	0	0	0	0	0	0	(1,000)
D. Financial Education	0	0	0	0	0	(334)	0	0	0	0	0	0	0	(334)
E. Annualization TFI Positions	0	0	0	0	0	0	27	5,782	0	0	0	0	27	5,782
F. Hiring Freeze/Attrition at 181K per FTE	0	0	0	0	0	0	(10)	(1,740)	0	0	0	0	(10)	(1,740)
2 <u>Non-Recurring Costs</u>														
A. HR Connect (DSCIP)	0	0	0	0	0	0	0	0	0	(15,367)	0	0	0	(15,367)
SUBTOTAL, ADJUSTMENTS TO BASE	0	407	0	856	0	(1,676)	17	4,922	0	(14,999)	0	1,532	17	(13,001)
TOTAL CHANGES, BUDGET AUTHORITY	2	1,460	1	1,351	2	(1,376)	40	18,745	0	(2,092)	0	4,287	45	18,332

SUMMARY OF PROGRAM INCREASES AND DECREASES (EXHIBIT 2a)

SALARY AND EXPENSES (S&E)

In FY 2006, total appropriated funding requirements for Departmental Offices (DO) are projected to be \$229,665,000 and 1,005 FTE. This is a total increase of \$7,034,000 and 45 FTE over the enacted FY 2005 funding level. Adjustments consist of a \$16,842,000 and 45 FTE increase to the Salaries and Expenses (S&E) account, a \$10,000,000 request to the Treasury Building and Annex Repair and Restoration (TBARR) account, and a \$7,590,000 decrease to the Department-Wide Systems and Capital Investments Program (DSCIP) account.

SALARIES AND EXPENSES PROGRAM CHANGES

TOTAL REQUESTED PROGRAM CHANGES+\$16,841,000 /+ 45 FTE

1. PROGRAM REDUCTIONS, NON-RECURRING COSTS, AND SAVINGS.....-\$5,074,000 / 10FTE

In FY 2006 resources will be reduced for staffing in lower priority offices, Turkey Loan Financing Facility, the Office of Financial Education, and two previously funded programs added on by Congress:

- Critical Infrastructure (Non-Recur) - \$1,000,000 / 0 FTE
- Turkey Loan Financing Facility - \$1,000,000 / 0 FTE
- Financial Literacy (Non-Recur) - \$1,000,000 / 0 FTE
- Office of Financial Education - \$334,000 / 0 FTE
- Hiring Freeze - \$1,740,000 / - 10 FTE

2. PROGRAM INCREASES/REINVESTMENTS.....+\$11,433,000 /+ 28 FTE

a. Office of Intelligence and Analysis Analysts (TFI) +\$1,843,000 /+10 FTE

Intelligence analyst positions (21 positions) will ensure that Treasury accesses actionable intelligence to fulfill its mission and integrates intelligence that supports Treasury linking directly to the Intelligence Community. The primary functions of the analysts will be to build a robust terrorist financing analytical capability and to provide intelligence support to senior Treasury officials on a wide range of international economic and political issues of concern to the Department.

This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks (F3A).

b. Office of Terrorism Financing Staff (TFI) +\$587,000 /+3 FTE

Funding for five positions will enable the Office Terrorism Financing (OTF) to enhance resources in the following areas:

1. Regional Analytical/Policy.

OTF is responsible for all international issues and Treasury engagement related to terrorist financing, money laundering, and financial crimes. Additional resources are needed for a more robust regional/international coverage and flexibility or deeper engagement with specific jurisdictions. Additional expertise is critical and flexibility to engage bilaterally, regionally, and multilaterally with jurisdictions on all matters related to effective creation and enforcement of anti-money laundering and anti-terrorist financing regimes.

2. Rogue Regime and Institution Asset Tracking. OTF has led the USG's efforts to freeze and repatriate Iraqi and Hussein related assets with very limited resources. Additional resources are needed for strategic forecasting and implementation of the tracking of rogue regimes and related leadership assets. In addition, no devoted capacity exists to strategically implement the provisions of Section 311 of the USA PATRIOT Act, which allows for the Secretary to designate foreign governments, entities, and classes of transactions as "primary money laundering concerns".

3. Compliance and Regulatory Oversight. Treasury is responsible for the effective implementation and enforcement of the Bank Secrecy Act (BSA) and the related oversight of the Financial Crimes Enforcement Network. Additional resources are needed to strategically review and expand the U.S. anti-money laundering regime. This team will be devoted to outreach efforts and exploring the use of new technologies to ensure the most efficient money laundering regime possible.

4. Terrorist Financing and Money Laundering Systems Expertise. It is essential that Treasury serve as a reservoir of expertise for policy makers, the private sector, other agencies, and the international community regarding systems that are abused by terrorist groups and international criminal networks to raise and move money. Additional resources are requested to expand expertise in areas of anti-terrorist financing concern.

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This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks (F3A).

c. Personnel Security Investigations (TFI) +\$115,000 / 0 FTE

With creation of the Office of Terrorism and Financial Intelligence (TFI) and additional personnel, more personnel security investigations are needed to clear employees at appropriate clearance levels. Additional resources are requested for this and a perpetual backlog of files that need periodic re-investigations. *This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A).*

d. General Counsel Support for TFI (OGC) +\$171,000 / +1 FTE

The creation of the new Office of Terrorism and Financial Intelligence (TFI) requires new skill sets within the Office of the General Counsel (OGC), particularly in the area of intelligence law. OGC requests two positions, as it currently has no full-time experts in this field, but expects increased demand for these skills from the new Assistant Secretary for Intelligence and Analysis and their staff. *This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A).*

e. Legislative Affairs Support for TFI (LA) +\$162,000 / +1 FTE

Creation of the Office of Terrorism and Financial Intelligence (TFI) increases the workload and representation requirements for the Office of Legislative Affairs. Currently Legislative Affairs splits the duties of TFI among its existing staff. Additional resources are requested to adequately accommodate the addition workload and representation requirements generated by TFI. *This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A).*

f. Office of Foreign Assets Control Staffing (OFAC) +\$1,721,000 / +9 FTE

The Office of Foreign Assets Control (OFAC)'s faces increasing responsibilities and growing importance in the war against terrorism, narcotics trafficking, and other enemies. OFAC intends to use these increased resources to achieve three key components of Treasury's overall strategic plan:

1. Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks

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2. Execute the nation's financial sanctions policies
3. Manage Treasury resources to effectively accomplish the mission and provide quality customer service.

Nine additional positions are requested to ensure the continued success of the USG's sanctions policies. OFAC must make more designations, spend more time educating the public, catch more violators, and mete out appropriate penalties to deter other potential violators. Staff is required to integrate internal systems, ensure precise record management, and monitor compliance. Timeliness and transparency are key to ensuring effective administration and enforcement of a growing number of programs. These additional positions will focus on countering terrorism, countering drug trafficking, transparency/customer service, management enhancements enforcement of Cuba travel restrictions and the effective administration of 29 sanctions programs.

This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A) and Execute the Nation's financial sanctions policies (F3B)

g. Cuba Sanctions Litigation Unit (OFAC - OGC) +\$81,000 / +1 FTE

Office of Foreign Assets Control (OFAC) imposes civil penalty for violations of the U.S. sanctions against Cuba and North Korea, which went into effect in 2003. Alleged violators have a right to a hearing before an administrative law judge (ALJ). The Office of General Counsel requests one additional attorney to manage the anticipated ALJ caseload. Funding for this position will be provided by OFAC. *This initiative supports the Treasury Strategic Objective to: Execute the Nation's financial sanctions policies (F3B).*

h. Building Safety and Structural Repairs (ASM - HQ OPS) +\$1,000,000 / 0 FTE

Additional funding is requested for major facilities projects and services. Projects categories include: Safety, Health and Environmental; Functional and Non-Critical Structural; and Repair and Improvements (R&I). A four year budget project plan supports has been developed to support this initiative. Treasury's Annex building requires repair, replacement or modernization of component systems to comply with building and fire codes, and the Americans with Disabilities Act (ADA). Non-compliant areas include: fire life safety systems (sprinklers, smoke detectors, fire control panels). ADA concerns include: elevator control panels, elevator cabs, fire alarm pull stations. Far past their cyclical maintenance are (mortar repairs, cleaning of the exterior, repair of limestone block, repair of ornamental fencing, and window refurbishment). *This initiative supports the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

i. Financial Statement Audits (ASM - DCFO)..... +\$1,807,000 / 0 FTE

The Office of the Inspector General, is responsible for annual Departmental level audits. Treasury lacks the resources perform these audits so it is necessary to procure the services of an external accounting firm. The cost of these audit contracts is expected to increase in FY 2005, partly because the scope of audits changes annually and the FY 2006 audit is expected to be broader in scope. This request covers the financial statement audits and the cost of internal control audits, not required in previous years. *This initiative supports the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

j. Modernization of the DO Information Technology (IT) Infrastructure (CIO)..... +\$1,755,000 / 0 FTE

The Departmental Offices (DO) Information Technology (IT) requires a program of continued modernization to meet increased demands and refresh existing and obsolete infrastructure. Funding is requested for needed upgrades to the Storage Area Network and the DO Exchange Server, enhancements to remote access service and other communication improvements for new application and functionality requirements. This will enhance the DO IT infrastructure so it can handling increasing data communication loads and reduce recurring single points of network failure. Multi-year authority is requested to accommodate a three-year refresh cycle. *This initiative supports the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

k. Integration of the Multi-Media Room (PA) +\$720,000 / 0 FTE

The Office of Public Affairs (PA) is responsible for the media room in the Main Treasury building. It has become a focal point for high level meetings, teleconferences, press briefings, and the Secretary's press conferences. The room is used by all senior Treasury officials - the Secretary, Deputy Secretary and the Under Secretaries. Existing resources can not be used to meet current technological standards for live transmissions of critical economic information, web casts, satellite broadcasts, teleconferences with other countries and the transmission of media room events on the local Treasury TV station. *This initiative supports the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

l. Upgrade Fiscal Projections Program (DF)..... +\$300,000 / +2 FTE

The Office of Domestic Finance's Office of Fiscal Projections (OFP) measures Treasury's daily cash position and forecasting for effective cash and debt management. Current staffing levels are severely strained, and inadequate to monitor the USG's cash flow (outlays, receipts and debt) which is approximately \$4 trillion annually. Addition resources is requested to meet daily operational demands, increased requests for complex forecasting analysis, to improve and refine the forecasting process,

and to implement improved investment techniques. *This initiative supports the Treasury Strategic Objective to: Optimize cash management and effectively administer the government's financial systems (F4D).*

m. Overseas Presence (IA) +\$200,000 / +1 FTE

In support of the United States' goal to promote political stability and economic growth in the Middle East, the Office of International Affairs (IA) requests additional resources to establish a financial attaché office in Baghdad, Iraq. Treasury already has a temporary long-term presence in Baghdad and needs to establish a presence there to assist with restoring peace and stability in FY 2006 and beyond. *This initiative supports the Treasury Strategic Objective to: Improve the stability of the international financial system (E2B).*

n. Foreign Credit Reporting System (FCRS) Operation & Maintenance (IA) +\$295,000 / 0 FTE

The Foreign Credit Reporting System (FCRS) is the central web-based modern repository of foreign credit owed to the USG by other countries. Operation funding is critical to the FCRS as it transitions from development to operation and maintenance. The FCRS automates a historically manual process and allows for much quicker and efficient production of reports such as the Annual "Salmon Book" on USG Foreign Credit Exposure which the Office of International Affairs (IA) statutorily required to publish. Inadequate funding of FCRS in operation and maintenance may force Treasury and its interagency partners to resort to the manual process, which will consume thousands of labor hours. *This initiative supports the Treasury Strategic Objective to: Improve the stability of the international financial system (E2B).*

o. Declassification Project +\$676,000 / +0 FTE

Treasury needs to meet the President's deadline to review approximately 3.5 million pages of classified records 25-years old and older by December 31, 2006. Failure to do this will result in the wholesale automatic declassification of Treasury and other government agencies' classified permanent records without first determining whether these records should be exempt from declassification based upon specific exemption criteria. Absent additional funding, a massive effort by subject matter experts, primarily in the offices of International Affairs and Terrorist Financing and Intelligence, will be necessary to meet the deadline. It is estimated that this will require an estimated 14.27 man-years of work over the next two years which these staffs will have to divert from their missions. *This initiative supports the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

3. TOTAL ADJUSTMENTS TO BASE +\$10,490,000 / 0 FTE

a. Adjustments Necessary to Maintain Current Levels..... +\$4,700,000 / 0 FTE

Funds are requested for the FY 2006 cost of the January 2005 pay increase, the proposed January 2006 pay raise and non-labor related items such as contracts, travel, supplies, equipment, and GSA rent adjustments.

b. Annualization of Positions for TFI..... +\$5,782,000 / +27 FTE

This amount is needed to annualize the start-up cost and FTE realization of the FY 2004 positions for the Office of Terrorism and Financial Intelligence.

SUMMARY OF PROGRAM INCREASES AND DECREASES (EXHIBIT 2a)
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TREASURY BUILDING AND ANNEX REPAIR AND RESTORATION PROGRAM CHANGES

TOTAL REQUESTED PROGRAM CHANGES.....+10,000,000 / 0 FTE

a. Treasury Building and Annex Repair and Restoration+10,000,000 / 0 FTE

FY 2006 funding for TBARR is needed to complete the Phase IV renovations (approximately 100,000 square feet) of the Treasury Building in a cost-effective and timely manner. If funding is not approve in FY 2006, the project completion costs will increase to an estimated total of \$18,500,000 and the overall delay to reoccupy the space could exceed two years. Further, securing the facility for shutdown will cost an estimated \$1,000,000 that could otherwise be used towards construction completion. Extending the use of swing space and associated security and courier services will cost approximately \$1,900,000 annually. Delay in completing Phase IV will also require new design and bid documents, and procurement of a new construction contract.

In addition, the unfinished status and lack of environmental controls in the unusable portion will accelerate the deterioration of historic spaces. Relocation of senior officials to spaces specifically designed for their protection will also be delayed. Finally, the unavailability of office space within the building will delay efforts for co-location of policy offices including the new Office of Terrorism and Financial Intelligence.

The following table illustrates the utilization of the requested funds to complete the TBARR project in FY 2006.

Departmental Offices

FY 2006 TBARR Funding Distribution	Amount
Design, Studies, Mgmt, & Insp	\$900
Architectural Design	\$200
Project Management	\$700
Staff	\$500
Interior Construction	\$6,300
Ballistics	\$40
Tile	\$325
Access Floor	\$100
Steel	\$750
Plaster repair	\$275
Mechanical	\$750
Electrical	\$750
Carpentry	\$560
Elevators	\$1,250
Sprinklers	\$500
Finishes	\$550
Millwork	\$450
Telecom System	\$1,550
Engineering	\$350
Telephones	\$500
Cable Installation	\$700
Lease & Relocation	\$250
Lease Costs	\$250
Systems Furniture	\$500
Total	\$10,000

SUMMARY OF PROGRAM INCREASES AND DECREASES (EXHIBIT 2a)
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DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENT PROGRAM (DSCIP)

TOTAL REQUESTED PROGRAM CHANGES -\$7,590,000 / 0 FTE

1. PROGRAM REDUCTIONS/REDIRECTION OF BASE RESOURCES -\$15,367,000 / 0 FTE

a. Change Management - HR Connect Operations and Maintenance -\$15,367,000 / 0 FTE

In FY 2006, all primary development projects for HR Connect will be completed, so funding from the Department Wide Systems and Capital Investment Program (DSCIP) will no longer be required. HR Connect will continue to develop and implement modest new functionality and services as part of its baseline service adopting a release approach to deliver new functionality. Any additional implementations or major enhancements will be funded through the requesting clients. HR Connect will maintain one outsourced production environment with a single code line and training responsibility will consist of the development of course materials only and “train-the-trainer.”

2. PROGRAM INCREASES/REINVESTMENTS..... +\$9,900,000 / 0 FTE

a. Top Secret/Sensitive Compartmented Information (TS/SCI) Network (CIO with TFI)..... +\$6,000,000 / 0 FTE

Treasury needs to upgrade and improve Information Technology that supports ongoing programs related to terrorist financing, money laundering, and organized crime. With the tempo of counterterrorism activities increasing, and Treasury working with the Terrorist Threat Integration Center, the Department of Homeland Security, the Department of Defense and other intelligence community members it needs to ensure adequate compatibility and interoperability with the intelligence community. The new network will provide:

1. Collaborative tools, as well as content management
2. Enhanced database management tools to support analytical products
3. Increased storage capacity to hold ten years worth of data versus the current two years

Departmental Offices

4. Increased bandwidth connection to transfer large amounts of data to other Intelligence Community (IC) agencies
5. Remote access and inter security domain transfers

This initiative supports the Treasury Strategic Objective to: Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, other criminals and isolate their support networks (F3A).

b. Treasury Secure Data Network (TSDN) (CIO) +\$2,800,000 / 0 FTE

The Treasury Secure Data Network (TSDN) is the computer and network infrastructure that enables the communication and distribution of classified information to over 400 DO and bureau users. TSDN also provides Treasury users with access to the Secret Internet Protocol Router Network and the Department of Defense classified communications network, which is vital to ensure that the newly created Office of Terrorism and Financial Intelligence (TFI) and its components: the Office of Foreign Assets Control, and Office of Intelligence and Analysis, Federal Crimes Enforcement Network, and IRS Criminal Investigations can communicate effectively with colleagues within the law enforcement and intelligence communities. With the establishment of TFI there is an increased demand for TSDN seats and services. Currently, National Security cable traffic is typically hand-carried between offices. Classified data and policy information is compiled and formulated on stand-alone personal computers. Other classified information is printed, packaged and delivered by Secure Communications Center staff, and the control of this information is a manual process. Full implementation of the TSDN, will provide staff with the capability to sort and distribute message traffic electronically and perform retrospective searches across multiple years of data. *This initiative supports the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

c. Documents Management (CIO with ASM – HQ OPS)..... +\$600,000 / 0 FTE

Funds are requested to develop and pilot an enterprise document management and records management system for the Department of the Treasury. The system will improve information sharing by capturing and storing documents throughout their lifecycle while providing decision makers with more timely, accurate, and complete information. *This initiative supports the ERM e-Government initiative and the Treasury Strategic Objective to: Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B).*

d. Defense Messaging System (CIO)..... +\$500,000 / 0 FTE

Funds are requested to complete implementation of the Defense Messaging System on the Department's internal secure networks and the wider defense and intelligence community networks. *This initiative supports the Treasury Strategic Objective to: Manage Treasury resource effectively to accomplish the mission and provide quality customer service (M5B).*

**SECTION 3 – EXPLANATION OF PERFORMANCE AND
RESOURCES BY BUDGET ACTIVITY**

NARRATIVE SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (EXHIBIT 3a)

Departmental Offices' (DO) FY 2006 performance budget is presented programmatically to align resources with performance. DO operations are divided into six major budget activities: Executive Direction Programs, Economic Policies and Programs, Financial Policies and Programs, Financial Crimes, Policies and Programs, Treasury-Wide Management Policies and Programs, and Administration Programs. For each activity, budget and performance information are provided to explain historical trends and performance challenges and expectations. The Executive Direction Programs and Administration Programs budget activities provide direct support to the other four budget activities and therefore, are distributed between them.

In the first quarter of FY 2005, Treasury launched a process to streamline its current set of performance measures. Its purpose was to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities, and reduce administrative burden. Results of the process indicated a 60-70% reduction in the number of performance measures overall at the Treasury level and a 56% reduction for DO. Measures that are no longer included in the budget submission are classified as "discontinued", and are indicated as such.

Budget Activity: Executive Direction Programs

The Executive Direction Programs Budget Activity supports the Office of the Secretary and Deputy Secretary, OGC, LA, and PA. These offices provide direction, policy formulation, and to DO and the Department. They also interact with Congress and the public on Departmental policy matters. As Executive Direction Programs provides direct guidance and support to all DO offices, it is distributed among the Economic Policies and Programs, Financial Policies and Programs, Financial Crimes Policies and Programs, and Treasury-Wide Management Policies and Programs Budget Activities. No specific goals/measures are presented because they are indirectly captured in the other Budget Activities.

Budget Activity: Economic Policies and Programs

The Economic Policies and Programs Budget Activity supports the following Treasury strategic objectives:

- Increase Economic Growth and Create Jobs
- Provide Responsible Global Stewardship of U.S. Government Dollars in International Financial Institutions
- Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers, and other Financial Criminals

Departmental Offices

The function of the Economic Policies and Programs Activity is to monitor macro and micro economic development, assist in determining appropriate economic policies and formulate and execute U.S. International economic and financial policies.

Economic Policies and Programs is also responsible for the review and analysis of both domestic and international economic issues and developments in the financial markets. It reports on current and prospective economic developments and assists in the determination of appropriate economic policies.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1)
(Dollars in Thousands)

Treasury Goal: Promote Prosperous U.S. and World Economies (E1)							
Budget Activity: Economic Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$28,725	\$30,246	\$32,112	\$31,417	\$31,417	\$20,098	\$33,737
Total FTE (direct and reimbursable)	221	196	210	168	168	176	182
Treasury Objective: Stimulate Economic Growth and Job Creation (E1A)							
Appropriated Resources [<i>Salaries and Expense Account</i>]	\$28,290	\$29,828	\$31,754	\$31,417	\$31,417	\$20,098	\$33,737
Direct FTE	218	194	208	168	168	176	182
Offsetting Collections [<i>reimbursable</i>]	\$435	\$418	\$358	\$0	\$0	\$0	\$0
Reimbursable FTE	3	2	2	0	-	0	0
Performance Goal: Promote Economic Growth World-Wide (E1A)							
1. U.S. Real Gross Domestic Product (GDP) growth rate (Oe)	0.8%	1.5%	3.3%	3.5%	4.5%	3.6%	3.4%
2. U.S. unemployment rate (Oe)	NA	NA	5.9%	5.6%	5.4%	5.3%	5.2%
3. Level of multilateral development banks (MDB) grant financing and satisfactory results measurements (Reworded) (Oe)							
World Bank/IDA Grants (in millions)	NA	NA	1,233	1,602	1,681	1,728	1,728
Grants as a % of IDA FY Commitment	NA	NA	17.0%	22.0%	18.8%	19.6%	19.6%
4. Level of MDB grant financing and satisfactory results measurements (Reworded) (Oe)							
African Development Bank/AFDF Grants (in millions)	NA	NA	240	294	65	216	216
Grants as a % of AFDF FY Commitment	NA	NA	17.0%	21.0%	39.2%	19.5%	19.5%
5. Increase GDP Average in developing countries with significant Treasury engagement (New) (Ot)	NA	NA	NA	NA	NA	Baseline	TBD
6. Stabilize Debt/GDP ratios in developing countries with significant Treasury engagement (New) (Ot)	NA	NA	NA	NA	NA	Baseline	TBD

Note: For new measures, the FY 2005 Baseline and FY 2006 Target will be developed by the end of FY 2005.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 Continued)
(Dollars in Thousands)

Treasury Goal: Promote Prosperous U.S. and World Economies (E1)							
Budget Activity: Economic Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
7. Negotiate rules to discipline the use of untied aid, while preserving the tied aid rules within the OECD's Export Credit Arrangement (Oe)	NA	Sec. O'Neill letter to Japan	Revised U.S. proposal to OECD	Put issue on G& agenda; Raise with Japan; Report to Congress; Get G7 agreement to negotiate	Paper distributed to G7 Deputies; Issue raised with Govt. of Japan by Sec. Snow and U/S Taylor; Report transmitted to Congress; Issue placed on G7 agenda	Discontinued	Discontinued
8. Reform Paris Club debt sustainability to reduce serial rescheduling (Oe)	NA	NA	0	1	1	Discontinued	Discontinued
9. Sovereign bond issuers that used Collective Action Clauses (CAC) for the first time in their New York issuance (75% majority clauses and 85% majority clauses) (Ot)	NA	NA	75% Mexico, Korea, Italy, Panama, Poland, South Africa, Turkey; Belize, Brazil, Guatemala	Continue trend of new issuers, especially at 75%	75%: Bahamas, Chile, Colombia, Costa Rica, Indonesia, Israel, Panama, Philippines, Venezuela	Discontinued	Discontinued
10. Sovereign bond issuers that continued to use CACs in their New York issuance (not first time) (Ot)	NA	NA	NA	No backsliding	No backsliding; Brazil to 85%	Discontinued	Discontinued
11. Sovereign bond issuers that did not use Collective Action Clauses (CAC) in their New York issuance (Ot)	NA	NA	Columbia, Philippines, Israel, China, (Taiwan), (Venezuela)	No backsliding	Jamaica (re-opened existing issue)	Discontinued	Discontinued
Performance Goal: Increase Free Trade and Cross-Border Investment (E1A)							
1. Open foreign markets to U.S. financial services firms to increase efficiency in those markets, enhancing international growth (Oe)	3	2	6	5	6	Discontinued	Discontinued
2. Number of new Free Trade Agreement (FTA) and Bilateral Investment Treaty (BIT) negotiations underway or completed. (New) (Oe)	NA	NA	NA	NA	NA	5	TBD
3. Of those in measure 2, the number of FTAs and BITs that reflect high standard commitments. (New) (Oe)	NA	NA	NA	NA	NA	5	TBD

Note: For new measures, the FY 2005 Baseline and FY 2006 Target will be developed by the end of FY 2005.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 continued)
(Dollars in Thousands)

Treasury Goal: Promote Stable U.S. and World Economies (E2)							
Budget Activity: Economic Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$24,358	\$20,835	\$22,034	\$22,101	\$22,101	\$14,331	\$25,339
Total FTE (direct and reimbursable)	152	131	139	35	35	34	139
Treasury Objective: Increase citizens' economic security (E2A)							
Appropriated Resources [Salaries and Expense Account]	\$13,088	\$14,212	\$14,869	\$824	\$824	\$515	\$1,239
Direct FTE	102	92	96	5	5	5	7
Offsetting Collections [reimbursable]	\$1,820	\$1,000	\$1,015	\$1,070	\$1,070	\$0	\$0
Reimbursable FTE	0	1	2	2	2	0	0
Treasury Objective: Improve the stability of international financial systems (E2B)							
Appropriated Resources [Salaries and Expense Account]	\$3,760	\$3,911	\$4,375	\$18,134	\$18,134	\$11,660	\$21,859
Direct FTE	29	25	28	12	12	13	116
Offsetting Collections [reimbursable]	\$5,690	\$1,711	\$1,775	\$2,073	\$2,073	\$2,156	\$2,241
Reimbursable FTE	21	13	13	16	16	16	16
Performance Goal: Strengthen the Stability and Efficiency of Global Capital Markets and Promote the Sound Framework for International Investment (E2B)							
1. Number of crises in emerging markets (Ot)							
a) Defaults	NA	4	3	3	3	Discontinued	Discontinued
b) Currency depreciations	NA	11	7	6	5	Discontinued	Discontinued
c) Banking system failures	NA	2	1	1	1	Discontinued	Discontinued
2. Percentage of grant and loan proposals containing satisfactory frameworks for results measurements (New) (Oe)	NA	NA	NA	NA	NA	Baseline	TBD
Performance Goal: Provide Responsible Global Stewardship of US Government Dollars in International Financial Institutions (E2B)							
1. Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs. (New)(Oe)	NA	NA	NA	NA	NA	90%	100%

Note: For new measures, the FY 2005 Baseline and FY 2006 Target will be developed by the end of FY 2005.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

Economic Policies and Programs Activity – Summary of Reimbursable Resources (Table 3.2)
(Dollars in Thousands)

Program/Client – Description of Services	FY 2004 Enacted	FY 2004 FTE	FY 2005 Estimate	FY 2005 FTE	FY 2006 Estimate	FY 2006 FTE
Financial Management Service – Foreign Credit Reporting Program System (FCRS)	\$1,070	2	\$0	0	\$0	0
U. S. Agency for International Development (USAID) – Technical Assistance	\$1,984	15	\$2,063	15	\$2,145	15
The Mansfield Center for Public Affairs – Personnel Services	\$89	1	\$93	1	\$96	1
Total: Economic Policies and Programs	\$3,143	18	\$2,156	16	\$2,241	16

EVALUATION OF FY 2005 PERFORMANCE PLAN (EXHIBIT 3b)

Evaluation of FY 2005 Performance Plan Compared with FY 2004:

In FY 2005, the Office of Economic Policy will further refine its real-time econometric model for a more rapid reading of economic activity. It will also work closely with the Office of Tax Policy and the Office of Cash and Debt Management to improve the forecast of federal tax receipts.

The Offices of Economic Policy and Domestic Finance are developing comprehensive pension funding reform proposals. Last year, Treasury policy offices, in particular Economic Policy, Domestic Finance and Benefits Tax Counsel, led efforts to enact suitable replacement for the interest rate on the 30-year Treasury bond as the discount rate for computing pension liabilities. Economic Policy continues to work on the development of a suitable yield curve. Treasury's proposed yield curve approach will make measured pension liabilities more reflective of the timing of future benefit payments is a component of this reform package.

In FY 2004, the Office of International Affairs (IA) successfully expanded the Treasury's goals of increasing world economic growth and job creation development by maintaining intellectual leadership in the field of international finance and development. It also worked directly with multilateral development institutions (MDBs), foreign governments, non-governmental organizations, and the private sector to implement ideas that will improve economic practices and policies and ultimately, people's lives.

IA also concentrated on operationalizing procedures at the MDBs to ensure measurable results with timelines at project, program and country levels. IA advocated policies that reduce serial sovereign debt rescheduling, promote debt sustainability; increased the use of collective action clauses (CACs) in new sovereign debt issues; expanded the disciplined use of untied aid; and raised the grant component in MDB replenishments. These policies advance the goals of responsible debt policy, free trade and capital movement, increased scope for private entrepreneurial activity, better monitoring and response to financial crises, and improved effectiveness of development assistance.

FY 2006 PERFORMANCE PLAN (EXHIBIT 3c)

FY 2006 Proposed Performance Plan:

The Office of Economic Policy will continue its efforts on pensions funding, terrorism insurance, social security reform, and long-term health spending. A special emphasis will be placed on examining health care costs. Economic Policy will also examine policies that can moderate the growth of health care costs over the long-term.

The Office of International Affairs proposes two new initiatives to advance Treasury's goal of increased world growth and more directly achieve U.S. Government high priority objectives (including those set forth in the National Security Strategy: 1) establish an office with a financial attaché in Baghdad, Iraq; and 2) fund the operation and maintenance of the Foreign Credit Reporting System.

NARRATIVE SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (EXHIBIT 3a)
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Budget Activity: Financial Policies and Programs

The Financial Policies and Programs Budget Activity supports the following Treasury strategic objectives:

- Promote Prosperous U.S. and World Economies
- Promote Stable U.S. and World Economies
- Preserve the Integrity of Financial Systems
- Manage the Government's Finances Effectively

The function of resources under the Financial Policies and Programs Budget Activity is to monitor and provide advice and assistance to the Secretary in the areas of domestic finance, banking, other related financial matters, financial institutions, Federal debt finance, financial regulation, capital markets, and community development of financial programs and to develop and implement tax policies and programs.

Financial Policies and Programs offices are also responsible for advising and assisting in areas of domestic finance, banking, and other related economic matters. They develop Treasury policies and provides guidance in the areas of financial institutions, federal debt finance, financial regulation, and capital markets.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1)
(Dollars in Thousands)

Treasury Goal: Promote Prosperous U.S. and World Economies (E1)							
Budget Activity: Financial Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$12,670	\$13,391	\$13,628	\$14,524	\$14,524	\$9,011	\$19,180
Total FTE (direct and reimbursable)	102	85	88	77	78	77	104
Treasury Objective: Stimulate Economic Growth and Job Creation (E1A)							
Appropriated Resources [<i>Salaries and Expense Account</i>]	\$7,431	\$7,982	\$7,982	\$8,688	\$8,688	\$5,335	\$5,161
Direct FTE	60	50	52	46	46	45	28
Offsetting Collections [<i>reimbursable</i>]	\$285	\$177	\$173	\$214	\$214	\$223	\$232
Reimbursable FTE	2	1	1	2	2	2	2
Treasury Objective: Improve and Simplify the Tax Code (E1C)							
Appropriated Resources [<i>Salaries and Expense Account</i>]	\$4,954	\$5,231	\$5,473	\$5,622	\$5,622	\$3,452	\$13,788
Direct FTE	40	34	35	30	30	29	73
Offsetting Collections [<i>reimbursable</i>]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Performance Goal: Simplify and Reform the Tax Code (E1C)							
1. Average tax compliance cost for individuals and small businesses (Oe) /1	NA	NA	NA	Baseline	NA	Baseline	TBD
Performance Goal: Increase Free-Trade and Remove Barriers to Investment (E1A, E1C)							
1. Encourage movement towards flexible exchange rate regimes (New) (Oe)	NA	NA	NA	NA	NA	Baseline	TBD
2. Value of U.S. exports of cross border financial services, excluding insurance (\$ in billions based on calendar year) (Oe)	15.5	15.9	NA	15.5	21.3	Discontinued	Discontinued

1/ Working with IRS to develop reliable measures of the individual tax compliance burden that can be used for this purpose in the future.

Note: For new measures, the FY 2005 Baseline and FY 2006 Target will be developed by the end of FY 2005.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 continued)
(Dollars in Thousands)

Treasury Goal: Promote Stable U.S. and World Economies (E2)							
Budget Activity: Financial Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$2,961	\$3,395	\$3,911	\$3,769	\$3,769	\$2,774	\$4,201
Total FTE (direct and reimbursable)	23	22	28	21	21	23	25
Treasury Objective: Increase Citizens' Economic Security and Safety (E2A)							
Appropriated Resources [<i>Salaries and Expense Account</i>]	\$2,961	\$3,395	\$3,911	\$3,769	\$3,769	\$2,774	\$4,001
Direct FTE	23	22	28	21	21	23	23
Offsetting Collections [<i>reimbursable</i>]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Treasury Objective: Improve the stability of the international financial system (E2B)							
Appropriated Resources [<i>Salaries and Expense Account</i>]	\$2,961	\$3,395	\$3,911	\$0	\$0	\$0	\$200
Direct FTE	23	22	28	0	0	0	1
Offsetting Collections [<i>reimbursable</i>]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Performance Goal: Improve Citizens' economic Security (E2A)							
1. U.S. Household Net worth as Percentage of Disposable Personal Income (Oe)	NA	NA	NA	512.0%	537.0%	Discontinued	Discontinued

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 continued)
(Dollars in Thousands)

Treasury Goal: Preserve the Integrity of Financial Systems (F3)							
Budget Activity: Economic Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$2,796	\$3,169	\$3,125	\$3,614	\$0	\$2,309	\$0
Total FTE (direct and reimbursable)	21	21	21	19	0	20	0
Treasury Objective: Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers and other Criminals and Isolate Their Support Networks (F3A)							
Appropriated Resources [Salaries and Expense Account]	\$2,796	\$3,169	\$3,125	\$2,325	\$0	\$1,495	\$0
Direct FTE	21	21	21	12	0	13	0
Offsetting Collections [reimbursable]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Treasury Objective: Execute the nation's financial sanctions policies (F3B)							
Appropriated Resources [Salaries and Expense Account]	\$2,796	\$3,169	\$3,125	\$465	\$0	\$299	\$0
Direct FTE	21	21	21	2	0	3	0
Offsetting Collections [reimbursable]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Treasury Objective: Increase the reliability of the U.S. financial system (F3C)							
Appropriated Resources [Salaries and Expense Account]	\$2,796	\$3,169	\$3,125	\$824	\$0	\$515	\$0
Direct FTE	21	21	21	5	0	5	0
Offsetting Collections [reimbursable]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
1. Increase number of terrorist finance designations for which other countries join the US (Ot) /1	NA	NA	215	215	195	Discontinued	Discontinued

1/ The measure related to the International Affairs and Economic Policy offices prior to creation of the Office of Terrorism and Financial Intelligence. For FY 2006, the IA and EP funds will be shifted to a more appropriate Treasury Goal.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 continued)
(Dollars in Thousands)

Treasury Goal: Preserve the Integrity of Financial Systems (F3)							
Budget Activity: Financial Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$4,145	\$4,526	\$5,352	\$5,204	\$5,204	\$3,830	\$4,433
Total FTE (direct and reimbursable)	32	30	38	29	29	32	27
Treasury Objective: Increase the Reliability of the U.S. Financial System (F3C)							
Appropriated Resources [<i>Salaries and Expense Account</i>]	\$4,145	\$4,526	\$5,352	\$5,204	\$5,204	\$3,830	\$4,201
Direct FTE	32	30	38	29	29	32	25
Offsetting Collections [<i>reimbursable</i>]	\$0	\$0	\$0	\$0	\$0	\$0	\$232
Reimbursable FTE	0	0	0	0	0	0	2
Performance Goal: Administer and Evaluate the Terrorist Risk Insurance Program (F3C)							
1. Promulgate all regulations by first anniversary of statute (Ot)	NA	NA	NA	11/26/2003	Completed 11/26/2003	Discontinued	Discontinued
2. Implement all regulations necessary to pay claims under the act and create the physical plant to process and manage the claims administration function (Ot)	NA	NA	NA	9/30/2004	Completed 7/31/04	9/30/2005	Discontinued -- TRIP expires in 2005
Performance Goal: Implement Critical Infrastructure Protection Policies (F3C)							
1. Increase percentage of participation rate of U.S. financial institutions in the Financial Sector-Information Sharing and Analysis Center (FS-ISAC) (by segment) (Ot)	NA	NA	67%	20%	309%	20%	10% growth

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 continued)
(Dollars in Thousands)

Treasury Goal: Manage the Government's Finances Effectively (F4)							
Budget Activity: Financial Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$19,192	\$20,250	\$24,611	\$20,217	\$20,217	\$13,508	\$17,722
Total FTE (direct and reimbursable)	154	127	161	109	109	114	100
Treasury Objective: Collect federal tax revenue when due through a fair and uniform application of the law (F4A)							
Appropriated Resources [Salaries and Expense Account]	\$10,099	\$10,463	\$10,947	\$11,244	\$11,244	\$6,905	\$7,921
Direct FTE	82	50	71	59	59	59	42
Offsetting Collections [reimbursable]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Treasury Objective: Manage federal debt effectively and efficiently (F4B)							
Appropriated Resources [Salaries and Expense Account]	\$4,145	\$4,526	\$5,352	\$5,384	\$5,384	\$3,962	\$3,400
Direct FTE	32	30	38	30	30	33	20
Offsetting Collections [reimbursable]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Treasury Objective: Optimize Cash Management and Effectively Administer the Government's Financial Systems (F4D)							
Appropriated Resources [Salaries and Expense Account]	\$2,961	\$3,395	\$3,911	\$3,589	\$3,589	\$2,642	\$6,401
Direct FTE	23	22	28	20	20	22	37
Offsetting Collections [reimbursable]	\$1,988	\$1,866	\$4,401	\$0	\$0	\$0	\$0
Reimbursable FTE	17	25	24	0	0	0	0
Performance Goal: Achieve "lowest cost" financing over time (F4B)							
1. Cost per dollar of debt issued (Oe)							
a) Marketable Debt Issuance (in millions)	2,473,000	3,691,000	4,121,000	4,500,000	3,337,711	Discontinued	Discontinued
b) Net Interest Cost (in millions)	206,000	171,000	153,000	165,000	116,157	Discontinued	Discontinued
c) Operational Cost (in millions)	NA	NA	1.664	1.742	1.150	Discontinued	Discontinued
Performance Goal: Make Accurate, Timely Financial Information on U.S. Government Programs Readily Available (F4D)							
1. Release Federal Government-wide financial statements on time (Oe)	NA	3/28/2003	2/27/2004	12/15/2004	12/15/2004	12/15/2004	12/15/2006
2. Audit opinion received on government-wide financial statements (Oe)	Disclaimed	Disclaimed	Disclaimed	Disclaimed	Disclaimed	Disclaimed	Disclaimed
3. Variance between estimated and actual receipts (annual forecast) (E)	NA	NA	NA	5%	3.8%	5.0%	5%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

Financial Policies and Programs Activity – Summary of Reimbursable Resources (Table 3.2)
(Dollars in Thousands)

Program/Client – Description of Services	FY 2004 Enacted	FY 2004 FTE	FY 2005 Estimated	FY 2005 FTE	FY 2006 Estimate	FY 2006 FTE
Council of Economic Advisors (CEA) – Personnel Services	\$89	1	\$93	1	\$97	1
Federal Reserve Board – Personnel Services	\$125	1	\$130	1	\$135	1
Total: Financial Policies and Programs	\$214	2	\$223	2	\$232	2

EVALUATION OF FY 2005 PERFORMANCE PLAN (EXHIBIT 3b)

Evaluation of FY 2005 Performance Plan Compared with FY 2004:

In FY 2005, the Office of Domestic Finance plans to contribute to the Department's strategic objectives by:

- Increase resiliency and protection of the financial system by increasing the number of protective response planning exercises for critical institutions; continuing to test crisis response of federal financial regulators; working with the Financial Services Information Sharing and Analysis Center to ensure it has accurate and actionable information and it continues to build membership; work with other sectors on which financial services is interdependent to address vulnerabilities; improve the tools and processes used to communicate with the public and private sectors; monitor the finalization of rules and implementation of procedures required under the Fair and Accurate Credit Transactions, act to help ensure their consistency with the intent of the statute, and discharge Treasury's obligations under Homeland Security Presidential Directive 7.
- Through the Financial Literacy and Education Commission, launch a website and toll free hotline for the dissemination of financial education information. This will provide federal agencies with the ability to pool financial education resources; provide the public with more convenient access to this information and increase their awareness of the need for financial education.

Domestic Finance supports the objective to meet financing needs by borrowing at the lowest cost over time by maintaining investor confidence in the supply of Treasury securities through regular debt issuance in predictable quantities. It has also sought to lower Treasury's borrowing costs by expanding the investor base, notably through increased issuance of Treasury Inflation-Protected Securities (TIPS) which are designed to appeal to a broader range of investors than nominal securities.

In FY 2004, the Office of Domestic Finance achievements included: The expansion of TIPS offerings with the introduction of five-year and 20-year TIPS securities in the auction calendar. The new issuance, coupled with efforts to promote the understanding of TIPS, led to improved liquidity, increased investor interest, and greater demand (shown through lower dealer inventories.) Although the market is still young, Treasury expects to successfully auction off over \$50 billion TIPS in FY 2004 and approximately \$80 billion TIPS in FY 2005 when the new five-year and 20-year issues are fully phased in. The increased issuance benefits taxpayers, provides cash flow diversification, widens the investor base, and provides for an inflation premium imbedded in the yields of long-term nominal Treasury securities.

Departmental Offices

Also in FY 2004, the Office of Domestic Finance issued the Consolidated Financial Statement for 2003 (CFS) on February 27, 2004 one full month earlier than the previous year. The FY 2004 CFS will be issued on December 15, 2004 or two and a half months earlier than the FY 2003 report (this goal is dependant on receipt of agency reports not later than November 18, 2004). The CFS received a disclaimed opinion for FY 2003. No improvement is expected in FY 2004. Achieving a qualified opinion is influenced significantly by the quality of the opinion of the Defense Department's ability to receive at least a qualified opinion, which is not expected until FY 2007.

FY 2006 PERFORMANCE PLAN (EXHIBIT 3c)

FY 2006 Proposed Performance Plan:

The Office of Domestic Finance also requests funding of \$299,700 and four positions to strengthen its cash flow forecasting and explore new and more efficient techniques for investing Treasury's excess cash. These resources will also improve Domestic Finance's ability to more accurately forecast its daily cash balance so that Treasury can take advantage of investment opportunities more timely which should result in additional earnings to the U.S. Government and less cost to the taxpayer.

NARRATIVE SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (EXHIBIT 3a)
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Budget Activity: Financial Crimes Policies and Programs

The Financial Crimes Policies and Programs Budget Activity supports the following Treasury strategic objectives:

- Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers and other Financial Criminals
- Execute the Nation's Financial Sanctions Policies

The function of the resources under the Financial Crimes Policies and Programs Budget Activity is to provide support, policy development, guidance, and oversight for the new Office of Terrorism and Financial Intelligence (TFI) and its components. TFI develops policy, manages, and coordinates the development and delivery of technical assistance in support of counter-terrorist financing and counter-financial crimes initiatives. It also develops and implements strategies to counter money laundering and terrorist financing.

TFI includes the Office of Intelligence and Analysis, and unifies under one structure, the functions of the Office of Terrorist Financing and Financial Crimes, the Financial Crimes Enforcement Network, the Office of Foreign Assets Control, and the Treasury Executive Office for Asset Forfeiture.

Departmental Offices

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1)
(Dollars in Thousands)

Treasury Goal: Preserve the Integrity of Financial Systems (F3)							
Budget Activity: Financial Crimes, Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$22,211	\$26,797	\$42,502	\$49,922	\$49,922	\$38,691	\$68,661
Total FTE (direct and reimbursable)	179	196	283	253	253	295	343
Treasury Objective: Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers and other Financial Criminals (F3A)							
Appropriated Resources [Salaries and Expense Account]	\$8,697	\$12,702	\$13,733	\$12,219	\$12,219	\$12,806	\$27,648
Direct FTE	72	68	77	57	57	94	130
Offsetting Collections [reimbursable]	\$0	\$167	\$128	\$0	\$0	\$0	\$0
Reimbursable FTE	0	0	0	0	0	0	0
Performance Goal: Identify, Trace, and Freeze Financial Assets of Terrorists and other Financial Criminals (F3A)							
1. Percent reduction in the number of countries removed from the Financial Action Task Force 40+8 non-cooperative countries and territories list. (New) (Oe)	NA	NA	NA	NA	NA	Baseline	TBD
2. Number of targets recommended for interagency consideration for designation or alternative actions (New) (Ot)	NA	NA	NA	Baseline	111	139	174
3. Maintain annual increase in the number of and significance to the foreign narcotics traffickers of new designated targets (New) (Ot)	NA	NA	NA	Baseline	136	136	136
4. Increase in number of drug trafficking/terrorist related financial sanctions targets identified and made public (Oe)	NA	NA	335	335	466	Discontinued	Discontinued
5. Increase in sanctions targets frozen under drug and terrorist related sanctions programs (Oe) /1	NA	NA	526	526	514	Discontinued	Discontinued
Treasury Objective: Execute the Nation's Financial Sanctions Policies (F3B)							
Appropriated Resources [Salaries and Expense Account]	\$11,533	\$12,102	\$26,062	\$35,235	\$35,235	\$23,318	\$38,344
Direct FTE	95	111	184	173	173	178	190
Offsetting Collections [reimbursable]	\$1,981	\$1,826	\$2,578	\$2,468	\$2,468	\$2,567	\$2,669
Reimbursable FTE	12	17	22	23	23	23	23
Performance Goal: Strengthen Coordination and Cooperation to Globally and Effectively Enforce Financial Sanctions Policies (F3B)							
1. Maintain turnaround time for submissions with significantly increased workload. (New) (E)							
a. Requiring internal OFAC review with significantly increased workload.	NA	NA	NA	Baseline	20 Days	20 days	20 days
b. Requiring Chief Counsel's Office/interagency review with significantly increased workload. /1	NA	NA	NA	Baseline	75 Days	75 days	75 days
2. Estimated number of sanctioned entities no longer receiving flow of funds from the U.S. (Ot)	NA	NA	2,959	Discontinued	Discontinued	Discontinued	Discontinued
Performance Goal: Engage international partners in disrupting terrorist financing							
1. Increase number of terrorist finance designations for which other countries join the US (New) (Ot)	NA	NA	NA	NA	NA	Baseline	TBD
2. Number of countries that are assessed for compliance with the Financial Action Task Force 40 + 8 recommendations. (New) (Ot)	NA	NA	NA	NA	NA	Baseline	TBD
3. Increase the dollar amount of terrorist assets and number of financial channels blocked. (New) (Oe)	NA	NA	NA	NA	NA	Baseline	TBD
4. Increase the number of international measures and bodies established internationally to protect the financial system from money laundering and terrorist financing. (New) (Ot)	NA	NA	NA	NA	NA	Baseline	TBD
5. Increase the number of outreach engagements with the charitable and international financial communities. (New) (Ot)	NA	NA	NA	NA	NA	Baseline	TBD

1/ The numbers were refined.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

Financial Crimes Policies and Programs Activity – Summary of Reimbursable Resources (Table 3.2)
(Dollars in Thousands)

Program/Client – Description of Services	FY 2004 Enacted	FY 2004 FTE	FY 2005 Estimate	FY 2005 FTE	FY 2006 Estimate	FY 2006 FTE
U. S. Department of State – Monitoring of Black Market Peso Exchange	\$0	0	\$0	0	\$0	0
U.S. Department of State – Support Prevention of Anti-Crime Activities	\$0	0	\$0	0	\$0	0
U.S. Customs and Boarder Protection (DHS) – Support for Executive Office of Asset Forfeiture	\$2,300	22	\$2,392	22	\$2,487	22
U.S. Department of Defense, U.S. Central Command	168	1	175	1	182	1
Total: Financial Crimes Policies and Programs	\$2,468	23	\$2,567	23	\$2,669	23

EVALUATION OF FY 2005 PERFORMANCE PLAN (EXHIBIT 3b)

Evaluation of FY 2005 Performance Plan Compared with FY 2004:

The new Office of Terrorism and Financial Intelligence (TFI) was established in FY 2004. Treasury reallocated resources from other programs to support the start-up costs for TFI. To complement the Treasury Strategic Plan and include the new office into the overall financial crimes mission, new performance goals and objectives have been established for FY 2005, making it difficult to compare FY 2005 with FY 2004. Specifically, measures have been established to track the dollar amount of terrorist assets blocked, the amount of dollars laundered, and the annual dollar amount and percentage growth of assets frozen under drug-related sanctions programs.

FY 2006 PERFORMANCE PLAN (EXHIBIT 3c)

FY 2006 Proposed Program Performance:

The new Office of Terrorism and Financial Intelligence (TFI) will provide policy, strategic, and operational direction to Treasury on issues relating to terrorist financing, financial crimes, including money laundering, counterfeiting and other offenses threatening the integrity of the financial system; U.S. economic sanctions programs; and intelligence analysis and coordination functions.

The FY 2006 budget request represents an increase of \$6,645,000 and 35 FTE above the FY 2005 President's budget level for funding the Financial Crimes Policies and Programs Budget Activity. This comprises of \$1,843,000 and 21 positions for the Office of Intelligence Analysis, \$587,000 and 5 positions for the Office of Terrorism and Financing, and \$1,721,000 and 9 positions for the Office of Foreign Assets Control. In addition, the Office of General Counsel and Office of Legislative Affairs (LA), which are a part of the Executive Direction Program Budget Activity, will also provide support to TFI. This request includes \$171,000 and 1 position for OGC, and \$162,000 and 1 positions for LA.

NARRATIVE SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (EXHIBIT 3a)
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Budget Activity: Treasury-Wide Management Policies and Programs

This Budget Activity encompasses the following program activities: Treasury-Wide Policies and Programs, Treasury-Wide Financial Statement Audits, and the Department-Wide Systems and Capital Investment Program. These programs support the Treasury strategic objective to Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury.

- Treasury-Wide Policies and Program develops and implements policies relative to the internal management of the Department and its bureaus as well as oversight of coinage and currency production and security. In addition is oversight and guidance that is provided to all Treasury bureaus for human resources, information technology, financial administration, and management and budget.
- Treasury-Wide Financial Statement Audits provides resources for audits for Departmental Offices and Treasury bureaus. FY 2003 was the first year Treasury-Wide Financial Statements received budget authority. Treasury contracts and funds all financial statement audit work for appropriated entities within Treasury. This budget request includes an increase of \$1,807,000 to fund required Departmental level audit work that had previously been performed by the OIG.
- The Department-wide Systems and Capital Investments Program (DSCIP) provides for corporate development, acquisition of equipment, software and services. It is the central funding point for Treasury-wide or cross-cutting projects, such as human resources reengineering and creating a common, multipurpose and standards-based architecture. This budget request continues several investments that are proposed to be funded in FY 2005 -- Integrated (Wireless) Treasury Network (ITN), Critical Infrastructure Protection, Enterprise Architecture, Back-up/Disaster Recovery Capacity, Information Assurance (security), IT Governance, Operational Security, Identification Management and E-Authentication, E-government Initiatives.

The goal of the Information Systems Security program is to improve information technology security program management and performance while safeguarding and protecting classified and sensitive Treasury information from unauthorized disclosure. Protection and assurance of the Treasury Critical Infrastructure is of the utmost importance and Treasury seeks to achieve it by maintaining an effective emergency management capability, strengthening the knowledge, skills, and abilities of Treasury security staff and providing security awareness and education for all Treasury employees.

Departmental Offices

Infrastructure is protection of the Banking and Finance (B&F) sector. Treasury chairs the Financial and Banking Information Infrastructure Committee (FBIIC), a group that has initiated interagency and federal/state efforts to identify the critical assets of the financial system and undertake vulnerability assessments of those assets. Work will continue on acquiring and maintaining secure communications lines and e-mail capacity using the Treasury Secure Data Network include secret-level laptop computers, accreditation and certification, technical services and other hardware and software necessary to process classified and sensitive information.

The Clinger-Cohen Act requires that each federal agency has an Enterprise Architecture (EA). Agency EA compliance is monitored through the President's Management Agenda scorecard. EA must contain both the "as is" and "to be" descriptions of the agency's business, data, application, and technology infrastructure. In FY 2002, the Treasury Chief Information Officer Council approved the Treasury Governance Structure for Enterprise Architecture. Treasury has refocused its EA efforts on the lines of business in the new Federal Business Reference Model (BRM), mapping Treasury activities to business lines in the Federal Enterprise Architecture (FEA). Currently, Treasury is sponsoring sixteen Technical Reference Model namespace working groups. These groups will identify sets of technology or the bundling of data, application, and technology for reuse throughout Treasury, creating savings in acquisition and development.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1)
(Dollars in Thousands)

Treasury Goal: Ensure Professionalism, Excellence, Integrity and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Budget Activity: Treasury-wide Management Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Total Operating Level (appropriated and reimbursable)	\$112,001	\$134,533	\$136,038	\$91,747	\$91,747	\$66,752	\$66,445
Total FTE (direct and reimbursable)	278	262	270	167	167	172	169
Treasury Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)							
Appropriated Resources [Salaries and Expense Account]	\$28,993	\$31,940	\$33,759	\$26,415	\$26,415	\$18,033	\$27,354
Direct FTE [Salaries and Expense Account]	240	225	236	121	121	132	129
Appropriated Resources [Treasury Building and Annex Repair and Restoration Account]	\$36,500	\$35,500	\$28,832	\$24,852	\$24,852	\$12,217	\$10,000
Direct FTE [Treasury Building and Annex Repair and Restoration Account]	12	8	10	10	10	0	0
Appropriated Resources [Department-Wide Systems and Capital Investment Program Account]	\$43,448	\$62,150	\$68,828	\$36,185	\$36,185	\$32,002	\$24,412
Direct FTE [Department-Wide Systems and Capital Investment Program Account]	0	0	0	0	0	0	0
Offsetting Collections [reimbursable] [Salaries and Expenses]	\$3,060	\$4,943	\$4,619	\$4,294	\$4,294	\$4,500	\$4,679
Reimbursable FTE [Salaries and Expenses]	26	29	24	36	36	40	40
Performance Goal: Each Bureau's Supervisory, Managerial and SES Individual Performance Plans include a Measure for Human Capital and EEO Accountability (i.e., leaders are held accountable for getting results cost-effectively in a way that is fair and equal)							
1. Bureau performance plans for supervisors, managers, and SES members contain elements that link to the bureau mission. (Oe)	NA	NA	NA	75%	77%	100%	100%
2. Complete investigations of EEO complaints within 180 days (Reworded) (Oe)	NA	NA	NA	40%	31%	50%	50%
Performance Goal: Manage Treasury Resources Effectively (M5B)							
1. Management cost per Treasury Employee. (New) (E)	NA	NA	NA	NA	NA	Baseline	TBD
Performance Goal: Protect Workers and Workplace from Security Breaches (M5B)							
1. Efficiency (time) rate for evacuating buildings (E)	NA	NA	12 min	10 min	10 min	Discontinued	Discontinued

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 Continued)
(Dollars in Thousands)

Treasury Goal: Ensure Professionalism, Excellence, Integrity and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Budget Activity: Treasury-wide Management Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Performance Goal: Promote Workplaces Free of Uncontrolled Health, Safety and Environmental Risks (M5B)							
1. Injury and Illness rate Treasury-wide, including Departmental Offices (Reworded) (Ot)							
a. Departmental Offices	NA	1.92	2.09	1.67	1.90	Discontinued	Discontinued
b. Treasury-wide, including DO	NA	4.01	3.90	3.12	3.94	2.98	2.80
2. Percent reduction in the injury and illness rate over FY 2003 baseline (Oe)							
a. Departmental Offices	NA	NA	-8.9%	20.00%	23.00%	Discontinued	Discontinued
b. Treasury-wide, including DO	NA	NA	3.0%	20.00%	23.00%	Discontinued	Discontinued
3. Lost time due to injury and illness rate over FY 2003 baseline (Oe)							
a. Departmental Offices	NA	0.38	0.49	0.39	NA	Discontinued	Discontinued
b. Treasury-wide, including DO	NA	0.91	0.74	0.60	0.69	Discontinued	Discontinued
4. Percent Reduction in Lost time due to injury and illness rate over FY 2003 baseline (Oe)							
a. Departmental Offices	NA	NA	-28.95%	20.00%	0.00%	Discontinued	Discontinued
b. Treasury-wide, including DO	NA	NA	18.00%	20.00%	-6.00%	Discontinued	Discontinued
Performance Goal: Increase the Use of Alternative Dispute Resolution (ADR) and Preventative Techniques to Improve the Quality of the Workplace (M5B) /1							
1. Percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process (New) (Ot)	NA	NA	NA	NA	NA	25%	30%
2. Increase in the number of instances in which Alternative Disput Resolution is offered at the formal EEO complaint stage (Ot)	NA	NA	20%	18%	4%	Discontinued	Discontinued
Performance Goal: Integrate Bureau Financial Data into a Departmental-wide Financial Analysis and Reporting System (M5B)							
1. Percent of monthly financial submissions by bureaus/reporting entities that are timely and contain quality data (Management Challenge, President's Management Agenda) (E)	84%	100%	100%	100%	100%	Discontinued	Discontinued
Performance Goal: Improve the Quality and Timeliness of the Required Audit of Treasury-wide Financial Statements (M5B)							
1. Delivery date of Treasury-wide financial statement and unqualified audit opinion (Oe)	Unqualified 02/27/02	Unqualified 11/15/02	Unqualified 11/14/03	Unqualified 11/15/04	Unqualified 11/15/04	Discontinued	Discontinued
Performance Goal: Reduce/Prevent Internal Control/Audit Resolution Open Items (M5B)							
1. Number of open material weakness (significant management problems identified by GAO, the IGs and/or the Bureaus) (President's Management Agenda) (Oe)	29	20	9	6	8	4	2

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (Table 3.1 Continued)
(Dollars in Thousands)

Treasury Goal: Ensure Professionalism, Excellence, Integrity and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Budget Activity: Treasury-wide Management Policies and Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Actual	Estimate	Estimate
Performance Goal: Ensure Compliance with Federal Financial Management Improvement Act of 1996 (FFMIA)							
1. Percent of bureaus in compliance with the requirements of the FFMIA (Management Challenge, President's Management Agenda) (Oe)	72%	72%	80%	90%	80%	Discontinued	Discontinued
Performance Goal: Ensure IT and Non-IT Investments Improve Performance and Facilitate Mission Goals (M5B)							
1. Percent of IT capital investments that are within costs, on schedule, and meeting performance targets (Management Challenge) (E)	Unmet (Data Not Available)	Unmet (Data Not Available)	76%	90%	91%	Discontinued	Discontinued
2. Percent of non-IT capital investments that are within costs, on schedule, and meeting performance targets (Management Challenge) (E)	Unmet (Data Not Available)	Unmet (Data Not Available)	80%	30%	NA	Discontinued	Discontinued
Performance Goal: Expand A-76 Competitions and Provide a More Accurate FAIR Act Inventory (M5B)							
1. Percent of total eligible FTE competitively-sourced (President's Management Agenda) (Oe) /1	NA	18%	18%	1%	10%	Discontinued	Discontinue
Performance Goal: Improve Computer Security Across the Department by Ensuring that All Treasury IT Systems are Certified and Accredited to Operate (M5B)							
1. Percent of all Treasury IT systems that are currently certified and accredited to operate (Management Challenge) (Oe)	15.5%	32%	50%	70%	86%	Discontinued	Discontinued
Performance Goal: Integrate Budget and Performance Data to Ensure that Unit Cost Information is Available to Inform Budget Decision (M5B)							
1. Percentage of Treasury budget/program activities that have outcome-oriented measures in the Annual Performance Budget (Ot)	NA	NA	58%	58%	58%	Discontinued	Discontinued
2. Percentage of Treasury budget/program activities that have efficiency measures in the Annual Performance Budget (Ot)	NA	NA	19%	19%	19%	Discontinued	Discontinued

1/ While OMB no longer tracks the percentage of the Fair Act Inventory FTE completed, Treasury continues to meet monthly with OMB officials on its competitive sourcing activities as part of the President's Management Agenda. FY 2002 data has become available and is now reported.

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure

Treasury-Wide Management Policies and Programs Activity – Summary of Reimbursable Resources (Table 3.2)
(Dollars in Thousands)

Program/Client – Description of Services	FY 2004 Enacted	FY 2004 FTE	FY 2005 Estimate	FY 2005 FTE	FY 2006 Estimate	FY 2006 FTE
Department of Homeland Security (DHS) – Financial Systems Support	\$263	0	\$263	0	\$274	0
Financial Crimes Enforcement Network (FinCEN) – CIO Support	\$36	0	\$36	0	\$37	0
U.S. Customs and Boarder Protection (DHS) – Attorney Services	\$265	5	\$265	5	\$276	5
Federal Financing Bank (FFB) – Attorney Services	\$215	3	\$215	3	\$224	3
U.S. Mint – Personnel Services	\$47	1	\$47	1	\$49	1
U.S. Agency for International Development (USAID) – Administrative Support to OTA	\$1,000	12	\$1,000	12	\$1,040	12
Executive Office of Asset Forfeiture – Admin Support	\$110	1	\$110	1	\$114	1
Department of Homeland Security (DHS) – Printing and Graphics Support	\$12	0	\$12	0	\$12	0
Alcohol and Tobacco Tax and Trade Bureau (TTB) – Space	\$212	0	\$212	0	\$220	0
Community Development Financial Institutions (CDFI) – Postal Support	\$24	0	\$24	0	\$25	0
Internal Revenue Service (IRS) – IRS Oversight Board	\$1,373	5	\$1,373	5	\$1,428	5
Internal Revenue Service (IRS) – Personnel Services	\$62	1	\$62	1	\$64	1
Internal Revenue Service (IRS) – Administration of the Treasury Complaint Centers	\$795	9	\$795	9	\$827	9
Treasury Executive Institute (TEI) – Personnel Services	\$83	1	\$86	1	\$89	1
Total: Treasury-Wide Management Policies and Programs	\$4,294	36	\$4,500	40	\$4,679	40

EVALUATION OF FY 2005 PERFORMANCE PLAN (EXHIBIT 3b)

Evaluation of FY 2005 Performance Plan Compared with FY 2004:

In FY 2005, Treasury will continue to accomplish its goal of 100% submission of monthly financial statements, while ensuring they contain quality data. This is supported by DO's continued unqualified Treasury-Wide financial statements and audit opinions. In addition, DO plans to reduce its number of open material weaknesses by 38% and continue its compliance with the Federal Financial Management Improvement Act of 1996 at 4% above its FY 2003 goals.

Concerning workforce management, DO is taking an aggressive approach to ensure the percentage of EEO complaints and grievances that use Alternative Dispute Resolutions improves by 4% over FY 2004.

A notable performance improvement between FY 2004 and FY 2005 is a 20% increase in the number of Treasury IT systems that are certified and accredited to operate.

FY 2006 PERFORMANCE PLAN (EXHIBIT 3c)

FY 2006 Proposed Performance Plan:

The Chief Information Officer (CIO) will continue to modernize the IT infrastructure, including upgrading the Storage Area Network and DO Exchange Server, enhance remote access, and fund activities for the Media Room. The Office of the Deputy Chief Financial Officer will procure services of an external accounting firm to perform the Department level audit. The Office of Emergency Preparedness will have new operating capabilities to support the requirements of Presidential Decision Directive 67 (Enduring Constitutional Government). Headquarters Operations will continue major facilities projects and services for the Main Treasury and Annex buildings, to ensure safety and health for occupants, and perform functional and non-critical structural repairs and improvements. The facilities projects will be accomplished using a four year project plan.

In FY 2006, The HR Connect program will non-recur as development is complete and it is transferred to the Working Capital Fund for operations and maintenance. Treasury will continue efforts on the Disaster Recovery initiative of the CIO organization. This effort is critical to the protection of many of Treasury's technology systems and continuity of operations for key Treasury officials and functions in the event of a disaster.

NARRATIVE SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE (EXHIBIT 3a)
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Budget Activity: Administration Programs

This activity provides operational support to all Headquarters offices. These activities include financial and budget, human resources, informational technology, procurement, facilities support, and travel services. Similar to Executive Direction Programs, resources for Administrative Programs are distributed to the Budget Activities of Economic Policies and Programs, Financial Policies and Programs, Financial Crimes Policies and Programs, and Treasury-Wide Management Policies and Programs. No goals/measure are provided because they are internally operational in nature.

SECTION 4 – SUPPORTING MATERIAL

MAJOR MANAGEMENT CHALLENGES AND HIGH RISK AREAS (EXHIBIT 4a)

Management Challenge or High Risk Area: Information Security (Treasury CIO, FMS, IRS, Mint)

Issue: Strengthening information systems security

In FY 2004, Treasury demonstrated consistent progress in the remediation of IT security weaknesses and is conducting a Security Program review of all its components. As part of the new IT Security Policy, all bureaus submitted action plans for implementing the new policy over the next year. Treasury has submitted a plan to OMB identifying needed resources and expected completion dates to certify and accredit all general support systems and major applications. Treasury's goal was to close the systems security material weaknesses at both the Financial Management Service (FMS) and the Chief Information Officer (CIO) in conjunction with FY 2004 year-end reporting. This will leave only the Internal Revenue Service (IRS) as a carry-over material weakness tied to this issue. During the year the IRS has made steady progress in improving systems security on all fronts; including the expansion of the entity-wide security program to gain greater participation by user offices, thus improving the overall security environment. The IRS also identified systems and applications eligible for certification and accreditation (C&A) and in completing C&As on legacy and new systems/applications. On a Department-wide basis, Treasury's CIO office provided effective oversight over all bureaus throughout the year, contributing to Treasury's improved level of compliance with the Federal Information Security Management Act (FISMA).

Actions Planned or Underway:

In an effort to successfully meet OMB IT security performance measures, Treasury's goal is to certify and accredit 70 percent of its systems by the end of FY 2004. During FY 2004, the CIO continued to work directly with the bureaus to ensure that they understand the requirements of the FISMA and security in general.

Project Matrix, part of the Critical Infrastructure Protection (CIP) program, is being conducted in accordance with OMB/Department of Homeland Security guidance and reporting instructions. Planning and process for Project Matrix Step One refresh and Step Two continued through FY 2004. Project Matrix Step One refresh and Step Two to be completed in FY 2005 and FY 2006.

The CIO plans to use WEB enabled tools to address the major challenge of improving the Department-wide security reporting in FY 2005 and FY 2006. By the end of FY 2004, Treasury planned to implement a FISMA security portal to ensure standardized, repeatable reporting from the bureaus. This portal will provide WEB based automated tools for the Bureaus and their business units. Treasury anticipates the expansion of automated tools in FY 2005 and FY 2006 to include 800-26 self assessments and C&As.

Another significant initiative planned for FY 2005 and FY 2006 is in the area of Identity Management (generically referred to as eAuthentication). Treasury was awarded one of the six eAuthentication pilots by the E-Gov eAuthentication initiative committee in FY 2004. Leveraging the pilot, Treasury is planning to implement a managed security service – authentication and authorization. With a centralized authentication solution for access control, programs can take advantage of an existing infrastructure and reduce program costs.

Management Challenge or High Risk Area: Linking Resources to Results (Treasury DCFO and DAS (MB))

Issue: Improvements are needed in linking resources to performance results.

Treasury made significant progress in FY 2004 in better linking and integrating budget, financial, and performance data. As a result of these efforts, Treasury was recognized with a Yellow PMA status score. The improvement was a culmination of a year's worth of activities where Treasury built on its new strategic plan. In FY 2004, Treasury worked with bureaus to introduce a new budget submission process, including a new format for its Departmental and OMB budget submissions that provided stronger links between budget and performance information. The new budget submission format also met OMB's requirement for Treasury to show the full cost of its programs; specifically, Treasury focused on a realignment of the Internal Revenue Service budget in order to report full cost information. Treasury also worked with bureaus to include efficiency measures in its programs to improve operational performance.

Stronger links between employee and bureau performance were also forged with the launch of the Senior Executive Service (SES) performance evaluation system. Plans have also been made to cascade the SES system to senior Treasury managers and beyond. Finally, in late FY 2004, Treasury began implementing a new performance framework which provides performance and financial information along eight specific, cross-cutting "value chains" that encompass all bureaus and programs. Looking ahead, this new framework allows Treasury to leverage existing data to create a broader snapshot of the value that the Department provides the American public as whole rather than consider bureau activities in a vacuum. Treasury will continue implementation of the framework in FY 2005 and beyond.

Actions Planned or Underway:

Treasury's new comprehensive performance framework launched in FY 2004 will guide Treasury's efforts to better link budget, financial, and performance data. This includes expanding Treasury managers' access to performance information to shape decisions in all areas of the agency's operations and implement regular, quarterly performance meetings as the framework is rolled out to shape agency and bureau activities. In the FY2006 Congressional Budget submission, Treasury dramatically reduced its set of performance measures from 338 to 122 measures. The smaller set of measures responds to stakeholder requests for less performance information, without reducing the quality of the information provided. Treasury will work to refine and improve the smaller set of measures over the next year. Additional efforts will be undertaken by Treasury to meet with budget and performance stakeholders such as OMB and Congressional representatives and determine an optimal performance budgeting format for the future. Treasury will also work with the OMB to develop appropriate marginal cost reporting and reduce the number of Treasury programs receiving a score of Results Not Demonstrated on their Program Assessment Rating Tool evaluations.

Management Challenge or High Risk Area: Compliance with the FFMIA (Treasury DCFO, FMS, IRS, MINT)

Issue: Improvements in compliance with FFMIA

The year-end closure of the systems security material weakness at the Mint placed it in substantial compliance with all Federal Financial Management Improvement Act (FFMIA) requirements, leaving only the Financial Management Service (FMS) and the Internal Revenue Service (IRS) as sources of substantial non-compliance. FMS is implementing its FFMIA remediation plan and expected to close its system security material weakness achieving substantial compliance with FFMIA by the end of FY 2004. Although the IRS will not achieve full compliance until all related financial systems development efforts are completed in FY 2007, significant progress was achieved during FY 2003. Throughout the year, IRS consistently met the Treasury's three-day close requirements tied to the production of timely and accurate financial information on a monthly basis. This enabled the IRS and Treasury to receive unqualified opinions on the FY 2003 audited financial statements for a fourth consecutive year.

Actions Planned or Underway:

The continued improvement at the IRS led GAO to agree to downgrade the IRS material weakness on administrative financial statement preparation. The property management material weakness was also closed at the end of FY 2003.

Management Challenge or High Risk Area: Prompt Corrective Action (Treasury DCFO)

Issue: Improvements in timeliness of correction actions

By the end of FY 2003, Treasury had reduced its 1998 baseline of 60 material weaknesses to nine weaknesses. This number should be further reduced to eight weaknesses for FY 2004 reporting. Success has been achieved through ongoing management attention in the form of quarterly progress reports to executive management on the status of material weaknesses, the inclusion of material weaknesses as an agenda topic for bureau heads meetings, and similar vehicles which help focus attention on major challenges. During FY 2003, Treasury also completed the development of and implemented a new audit tracking system for use by all bureaus and both Inspectors General. The system improves management's ability to track progress on material weaknesses and major management challenges, as well as routine audit findings and recommendations. Further system enhancements were made during FY 2004.

Actions Planned or Underway:

Although certain long-standing challenges will remain problematic for the foreseeable future, responsible progress toward closure on many similar challenges continues to be achieved.

Management Challenge or High Risk Area: Duplicated, Wasteful Practices (Treasury DCFO and DAS(HR))

Issue: Improvements in economy, efficiency, and effectiveness of activities of the Department and its bureaus

In FY 2004, Treasury continued its efforts to identify and implement enterprise solutions to improve the economy, efficiency and effectiveness of activities throughout the Department and its bureaus. Enhancements were made to several existing enterprise systems, including three major components of the Financial Analysis and Reporting System (FARS): 1) the Treasury Inventory Executive Repository (TIER), supporting centralized financial reporting and the preparation of consolidated financial statements; 2) the Joint Audit Management Enterprise System (JAMES), supporting the entity-wide tracking of audit issues and material weaknesses; and 3) the Performance Reporting System (PRS), supporting all Treasury reporting tied to GPRA. In addition, progress continued on the Department-wide deployment of HR Connect.

Actions Planned or Underway:

Treasury also actively participates in two E-Gov initiatives being led by the General Services Administration (GSA). These include E-Travel and the Business Partners Network (BPN). Among other things, the BPN initiative encompasses inter-agency elimination entries, and therefore will help facilitate the resolution of this significant challenge to the preparation of Government-wide financial statements.

Management Challenge or High Risk Area: Human Capital Management [Treasury DAS – Human Resources/-- Chief Human Capital Officer)] (CHCO), DAS – Workforce Management (DAS-WM)]

Issue: Improvements to the management of Treasury’s human capital

Treasury has developed and implemented a Human Capital Action Plan (HCSP) and has published and is writing the Department’s first Human Capital Strategic Plan (HCSP) for FY 2004-2008. These two documents serve as guides for human capital managers and are designed to assist managers in creating an environment where the entire workforce is valued and rewarded appropriately.

Actions Planned or Underway:

The Treasury Human Capital Strategic Plan (HCSP) will provide a framework for ensuring that adequate workforce development programs are in place and that these programs address skill gaps in mission critical occupations. Treasury will continue to monitor progress and refine the HCSP as necessary working to mitigate any “at risk” areas and continue to partner with its bureaus to identify and share innovative methods and “best practices.” Treasury’s human capital efforts will also align the workforce to the agency mission so it can provide service to the public in the most effective and efficient manner.

The HCSP will ensure 1) bureaus fully use human capital flexibilities and enterprise-wide technology solutions and data to support HR service delivery, 2) managers use effective performance management that is linked to accomplishment of the organization’s mission, and 3) bureaus have succession and development plans in place to ensure continuity of leadership. Treasury is also incorporating actions into the HCSP that address a strategic approach to ensuring that the Department is able to recruit a pool of diverse, high-quality candidates at all grade levels and occupations, eliminate any barriers to hiring, and provide a supportive and inclusive work environment. The success of these efforts will be gauged through a human capital system of accountability and with a set of challenging performance measures.

PROGRAM ASSESSMENT RATING TOOL REPORT (EXHIBIT 4b)

PARTed Program and Recommendations	Actions
<p>PARTed Program: Office of Foreign Assets Control Fiscal Year of PART: 2004</p> <p>PART Recommendation 1 Developing long-term performance goals with specific timeframes and measures.</p> <p>PART Recommendation 2 The assessment indicates the overall purpose of the program is clear, but unit cost measures are lacking.</p> <p>PART Recommendation 3 Develop long-term goals with specific targets.</p> <p>PART Recommendation 4 Institute annual performance goals to determine the effectiveness of OFAC sanctions.</p>	<p>Actions Taken: Developed long-term performance goals with specific timeframes and measures.</p> <p>Actions Planned and Timeframes: Following completion of the new Treasury Strategic plan, OFAC developed three performance goals and is currently reporting on measures under each of those goals.</p> <p>Actions Taken: OFAC has developed a database for processing certain licensing applications, which measures the time it takes us to respond to applicants. That combined with the known salary level of the individuals operating this part of the licensing process constitutes OFAC's ability to measure the unit cost of responses in this category. Further steps may have to be developed to measure additional non-salary costs.</p> <p>Actions Planned and Timeframes: Completed by June 9, 2004.</p> <p>Actions Taken: OFAC's long term goals each have specific target(s)/measures, as reported to Departmental Offices. OFAC has updated its targets/measures for FY 2005 and FY 2006 to provide a broader representation of OFAC functions.</p> <p>Actions Planned and Timeframes: Completed by June 9, 2004.</p> <p>Actions Taken: One of OFAC's performance goals includes the measure of developing a web-based baseline survey of OFAC's entire list server group to measure the effectiveness in meeting the public need. The format for the survey has been developed and approved.</p> <p>Actions Planned and Timeframes: OFAC plans to implement the survey in FY 2005.</p>

Program Assessment Rating Tool Report (Exhibit 4b continued)

PARTed Program and Recommendations	Actions
<p>PARTed Program: Office of Technical Assistance Fiscal Year of PART: 2005</p> <p>PART Recommendation 1 Improve strategic planning by continuing to monitor and revise OTA long-term outcome measures and targets, and team output measures and performance targets.</p>	<p>Actions Taken: Completed successful pilot of PMTS. All five OTA teams have prepared for deployment and are now prepared to deploy PMTS in FY 2005.</p> <p>Actions Planned and Timeframes:</p> <p>Review of results on outcome measures at conclusion of FY 2004. OTA will monitor and strengthen PART outcome measures throughout FY 2005. All five OTA teams will track country projects using PMTS in FY 2005.</p>

Program Assessment Rating Tool Report (Exhibit 4b continued)

PARTed Program and Recommendations	Actions
<p>PARTed Program: Office of International Affairs Fiscal Year of PART: 2004</p> <p>PART Recommendation 1 Hold IDA accountable for the establishment of a system to measure, monitor, and evaluate overall results and related goals as identified in the IDA-13 "replenishment agreement" to which IDA has committed.</p>	<p>Actions Taken: IDA has received an "adequate" rating by OMB for actions taken, as follows:</p> <p>Initiated a performance measurement system for IDA. (IDA first was required to establish baselines for interim country development outcome indicators in education, health, and private sector development as the initial step in measuring progress toward agreed outcome goals for the Spring 2004. This target was fully achieved.) Completed in Spring of 2003.</p> <p>Selected long-term results measurement indicators. (The second required item in the results agenda for this past Spring was for IDA to select long-term indicators for the measurement of development results to be used for IDA-14 and beyond. This goal was also achieved.) Completed in Spring of 2003.</p> <p>Increased diagnostics to improve effectiveness of IDA funds. (IDA met overall targets for completion of Country Financial Accountability Assessments (CFAAs), Public Expenditure Reviews (PERs), and ensuring that Poverty Assessments (PAs) underpinned all Country Assistance Strategies prepared since July 2002. IDA surpassed its overall targets for Investment Climate Assessments (ICAs) and Country Procurement Assessment Reviews (CPARs).) Completed in Spring of 2003.</p> <p>Raised primary education completion rates. (Increase population-weighted average primary completion rate to 69% with a substantial number of countries reaching a higher rate, and increase number of countries with positive growth in primary completion rates to 38.) Completed in Spring of 2004.</p> <p>Increased measles immunization rates. (Increase overall coverage rate (population-weighted) of measles immunization to 60%, with a substantial number of countries reaching a higher rate, and increase number of countries with 80% coverage of measles vaccination to 29.) Completed in Spring of 2004.</p> <p>Reduced time and cost required for business start-up. (Reduce number of business days required for business start-up by 7% from end-2001, and reduce formal cost of business start-up (in % of GDP/capita) by 7% from end-2001.) Completed in Spring of 2004.</p>

CROSS-CUTTING COORDINATION EFFORTS (EXHIBIT 4c)
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Economic Policies and Programs Budget Activity

Performance Goal: Promote Prosperous U.S. and World Economies

Performance Goal: Promote Stable U.S. and World Economies

The Office of International Affairs (IA) works closely with other Federal agencies including the Department of State and United States Agency for International Development (USAID), by advising and assisting in the formulation and execution of U.S. international economic and financial policies. International policy areas addressed are: monetary, trade finance, investment, bilateral aid, environment, debt, and development. IA also partners with the Department of State to collect and analyze economic and financial data from foreign government sources.

Financial Policies and Programs Budget Activity

Performance Goal: Preserve the Integrity of Financial Systems

Performance Goal: Manage the Government's Finances Effectively

The Office of Domestic Finance develops policies and economic guidance which help create the conditions for prosperity at home through advice and assistance in domestic finance, banking, financial institutions, federal debt finance, financial regulation, and capital markets. In order to accomplish their mission, they work closely with the Federal Reserve System.

Financial Crimes Policies and Programs Budget Activity

Performance Goal: Preserve the Integrity of Financial Systems

The Office of Terrorist Financing and Intelligence (TFI) and its components develop and implement U.S. government strategies to combat terrorist financing domestically and internationally, the National Money Laundering Strategy and other policies and programs to fight financial crimes. TFI works with other Federal agencies such as the Department of Justice and the Department of State to further the U.S. Government's fight against financial crimes.

Treasury-Wide Management Policies and Programs Budget Activity

Performance Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the management and Conduct of the Department of the Treasury.

All bureaus, external evaluators (such as GAO, OMB, and OPM), and other federal agencies are partners with Treasury in achieving the President's Management Agenda and driving Treasury to achieve world class performance. This is particularly true in DO's contribution to, and participation in, government-wide electronic government initiatives.

DETAIL OF FULL-TIME EQUIVALENT POSITIONS BY CATEGORY (Table 4.1)

Position Category	Actual FY 2004	Estimated		Changes
		FY 2005	FY 2006	
Statutory executive positions	3	3	3	-
Policy/program professional staff.....	653	724	767	43
Administrative staff.....	45	52	54	- 2
Secretarial and clerical.....	58	53	53	-
Crafts and custodial.....	45	51	51	-
Subtotal.....	804	883	928	45
Part-time & temporary full-time equivalent positions.....	80	77	77	-
Total full-time equivalent positions	884	960	1,005	45

DETAIL OF FULL-TIME EQUIVALENT STAFF YEARS BY GRADE (Table 4.2)

Grade	FY 2004 Actual	FY 2005 Estimated Operating Level	FY 2006 Budget Estimate	Changes
Executive Level 1.....	1	1	1	-
Executive Level 2.....				-
Executive Level 3.....	1	1	1	-
Executive Level 4.....	4	4	4	-
Executive Level 5.....				-
Subtotal.....	6	6	6	-
Senior Executive Service Pay Band 1/.....	69	71	71	-
Subtotal.....	69	71	71	-
GS-18.....	-			-
GS-17.....	-			-
GS-16.....	-			-
GS-15.....	235	267	271	4
GS-14.....	155	171	213	42
GS-13.....	135	145	148	3
GS-12.....	80	84	85	1
GS-11.....	59	60	59	(1)
GS-10.....	5	8	8	-
GS-09.....	36	41	40	(1)
GS-08.....	25	28	25	(3)
GS-07.....	22	22	22	-
GS-06.....	10	10	10	-
GS-05.....	9	9	9	-
GS-04.....	6	6	6	-
GS-03.....	2	2	2	-
GS-02.....	2	2	2	-
GS-01.....	1	1	1	-
Subtotal.....	782	856	901	45
Other.....	27	27	27	-
Total full-time equivalent positions	884	960	1,005	45

1/ PL 108-136 abolishes the six levels of SES pay and replaces it with a new performance-based system effective January 2004.

EXPLANATION OF PROPOSED FY 2005 BUDGET OPERATING BUDGET (Table 4.3)
(Dollars in Thousands)

OBJECT CLASS	FY 2005 Pres. Budget as Amended		+ or - Congressional Action		FY 2005 Enacted Level		Other Proposed Reprogrammings		Effect of Transfers, Prop. Supp./ Rescission		FY 2005 Proposed Operating Level	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
11.1 Full-Time Permanent Positions.....	89,000	942	-	18	89,000	960			(1,438)		87,562	960
11.1 Other than Full-Time Permanent Positions.....					-						-	
11.5 Other Personnel Compensation.....					-						-	
11.8 Special Personal Services Payments.....	-				-						-	
11.9 Personnel Compensation (Total).....	89,000	942		18	89,000	960	-	-	(1,438)	-	87,562	960
12.0 Personnel Benefits.....	21,141				21,141						21,141	
13.0 Ben. Former Personnel.....	500				500						500	
21.0 Travel.....	3,000				3,000						3,000	
22.0 Transportation of Things.....					-						-	
23.1 Rental Paym'ts to GSA.....	4,000				4,000						4,000	
23.2 Rent Paym'ts to Others.....					-						-	
23.3 Commun., Util., & Misc.....	9,000				9,000						9,000	
24.0 Printing and Reprod.....	3,000				3,000						3,000	
25.1 Advisory & Assistance Services.....	1,386		2,000		3,386						3,386	
25.2 Other Services.....	19,500		(7,191)		12,309						12,309	
25.3 Purchase of Goods/Serv. from Govt. Accts...	23,873				23,873						23,873	
25.4 Operation & Maintenance of Facilities.....	482				482						482	
25.5 Research & Development Contracts.....	25				25						25	
25.6 Medical Care.....	26				26						26	
25.7 Operation & Maintenance of Equipment.....	3,283				3,283						3,283	
25.8 Subsistence & Support of Persons.....	-				-						-	
26.0 Supplies and Materials.....	4,325				4,325						4,325	
31.0 Equipment.....	2,500				2,500						2,500	
32.0 Lands and Structures.....					-						-	
33.0 Investments & Loans.....	-				-						-	
41.0 Grants, Subsidies.....	-				-						-	
42.0 Insur. Claims & Indemn.....					-						-	
44.0 Refunds.....	-				-						-	
TOTAL BUDGET AUTHORITY	185,041	942	(5,191)	18	179,850	960	-	-	(1,438)	-	178,412	960
ACTIVITIES												
1) Executive Direction Programs.....	-	-	14,474		14,474	-			(115)		14,359	-
2) Economic Policies and Programs.....	61,823	307	(30,166)		31,657	307			(253)		31,404	307
3) Financial Policies and Programs.....	47,763	251	(21,691)	18	26,072	269			(208)		25,864	269
4) Financial Crimes Policies and Programs.....	45,573	119	(34,940)		10,633	119			(85)		10,548	119
5) Treasury-wide Management policies and Programs.....	29,882	127	(13,122)		16,760	127			(134)		16,626	127
6) Administration Programs.....	-	-	57,963		57,963	-			(465)		57,498	-
7) OFAC.....	-	138	22,291		22,291	138			(178)		22,113	138
TOTAL BUDGET AUTHORITY	185,041	942	(5,191)	18	179,850	960	-	-	(1,438)	-	178,412	960

STANDARD OBJECT CLASSIFICATION SCHEDULE - Direct Obligations (Table 4.4)
(Dollars in Thousands)

Object Class	FY 2004 Actual	FY 2005 Proposed Operating Level	FY 2006 Budget Estimate	Increases/ Decreases for FY 2006
Object Classification				
Personnel compensation:				
Permanent positions.....	82,008	87,562	89,000	1,438
Total personnel compensation.....	82,008	87,562	89,000	1,438
Civilian personnel benefits.....	19,963	21,141	17,800	(3,341)
Benefits to former personnel.....	410	500	575	75
Travel and transportation of persons.....	2,195	3,000	3,025	25
Transportation of things.....	145	20	-	(20)
Rents, communications and utilities:				
Rental payments to GSA.....	3,287	4,000	4,000	-
Other rents, communications and utilities.....	12,041	287	9,500	9,213
Printing and reproduction.....	2,016	3,000	4,400	1,400
Other services:				
Advisory & assistance services.....	741	1,386	2,594	1,208
Other services.....	28,551	18,001	15,168	(2,833)
Purchase of goods/services from Govt. accts.....	10,713	26,873	28,454	1,581
Operation & maintenance of facilities.....	840	482	750	268
Research & development contracts.....	12	25	29	4
Medical care.....	3	26	30	4
Operation & maintenance of equipment.....	3,080	4,283	10,675	6,392
Subsistence & support of persons.....	-	-	-	-
Supplies and materials.....	4,461	5,325	6,125	800
Equipment.....	934	2,500	3,128	628
Total obligations.....	171,400	178,411	195,253	16,842
Unobligated balance available, SOY.....	-	-	-	-
Unobligated balance available, EOY.....	-	-	-	-
Unobligated balance expiring.....	-	-	-	-
Total enacted appropriations and budget estimate	171,400	178,411	195,253	16,842

VERIFICATION AND VALIDATION OF DATA AND PERFORMANCE MEASUREMENT DEFINITION (EXHIBIT 4f)
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ECONOMIC POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL E1 – PROMOTE PROSPEROUS U.S. AND WORLD ECONOMIES

Performance Goal: Promote Economic Growth World-Wide

Performance Measure 1: U.S. Real Gross Domestic Product (GDP) growth rate

Definition: Real Gross Domestic Product (GDP) is the most comprehensive measure of economic activity and is compiled throughout the year to reflect developments in each calendar quarter. Appropriate quarters are aggregated for a fiscal year result.

Source: Data are provided by the Department of Commerce, Bureau of Economic Analysis (BEA).

How the data is verified and validated to make certain it is accurate: BEA data is used and checked twice to make sure it is accurate.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Performance Measure 2: U.S. unemployment rate

Definition: The percentage of the U.S. labor force reported as unemployed in the last quarter of the reference fiscal year.

Source: Data are collected from the U.S. Department of Labor, Bureau of Labor Statistics (BLS).

How the data is verified and validated to make certain it is accurate: BLS data is used and checked twice to make sure it is accurate.

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly

Performance Measure 3: Level of multilateral development bank (MDB) grant financing and satisfactory results measurements (Reworded)

World Bank/IDA Grants (in millions)

Grants as % of IDA FY Commitment

Definition: The measure captures the portion of resources provided to borrowers from the Word Bank in the form of grants and

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whether such grant financing contains a satisfactory results measurement framework. This information is measured on an annual basis.

Source: Multilateral development banks (MDB) monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions.

How the data is verified and validated to make certain it is accurate: Data provided by the MDB is compared with Treasury MDB Office vote history database and internal supporting memoranda.

Data Accuracy: Highly Accurate.

Frequency: Semi-Annual.

Performance Measure 4: Level of MDB grant financing and satisfactory results measurements (Reworded)

African Development Bank/AFDF Grants

Grants as % of AFDF FY Commitment

Definition: The measure captures the portion of resources provided to borrowers from each MDB in the form of grants and whether such grant financing contains a satisfactory results measurement framework. This information is measured on an annual basis.

Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions.

How the data is verified and validated to make certain it is accurate: Data provided by the MDB is compared with Treasury MDB Office vote history database and internal supporting memoranda.

Data Accuracy: Highly Accurate.

Frequency: Semi-Annual.

Performance Measure 5: Increase GDP Average in developing countries with significant Treasury engagement (New)

Definition: The Office of Technical Assistance provides expert, on-the-ground assistance to countries in tax, budget, government debt, financial institutions, financial law enforcement and other program areas. This measure captures, in ex post fashion, the actions taken by a government where a technical assistance project is operating. OTA sets objectives in its projects that are required for the financial health of a nation, and if the financial health improves, it will be a strong force in increasing GDP. The measure is calculated as an average of selected countries where projects are on-going, and the goal is to see a rise in the average of greater than 2% over a three-year period.

Source: OTA calculates the average based on data collected by the World Bank and published in the World Development Indicators database.

Verification and Validation of Data Quality: World Bank figures are verifiable through other data collection sources (CIA World Fact book, IMF statistics, etc.)

Data Accuracy: Highly Accurate

Frequency: Annual

Performance Measure 6: Stabilize Debt/GDP ratios in developing countries with significant Treasury engagement (New)

Definition: The Office of Technical Assistance provides expert, on-the-ground assistance to countries in tax, budget, government debt, financial institutions, financial law enforcement and other program areas. Management of debt is key to better financial management. This measure captures the effectiveness of debt management in countries where technical assistance projects operate. The measure is calculated as an average of selected countries, and the goal is to see no more than +/- 2% variance in the ratio for the representative countries.

Source: OTA calculates the average based on data collected by the World Bank and published in the World Development Indicators database.

Verification and Validation of Data Quality: World Bank figures are verifiable through other data collection sources (CIA World Fact book, IMF statistics, etc.)

Data Accuracy: Highly Accurate

Frequency: Annual

Performance Measure 7: Negotiate rules to discipline the use of untied aid, while preserving the tied aid rules within the OECD's Export Credit Arrangement (Discontinued)

Definition: International rules governing untied aid programs are necessary for policy consistency with agreed rules for tied aid, and to avoid donors circumventing the highly successful tied aid rules by nominally untying their aid programs. Rules would prohibit the use of untied aid credit financing for commercially viable capital projects in credit-worthy developing countries where it closes markets by crowding out market based financing, and creates politically sensitive trade distortions. Rules would also require that untied aid loans have a minimum real grant component (similar to requirements for tied aid) so that the hard load portion of these credits is not so large as to create long-term debt sustainability problems for developing countries. These rules would focus untied aid, like tied aid, on countries and sectors that are in the greatest need of aid resources, and not permit its use to gain a competitive edge for donor firms in export competitions, and subsidize inefficient development investment decisions.

Source: Untied aid programs that are for development rather than trade promotion and can be implemented and monitored by rules-based transparency, both ex ante and ex post, for individual untied aid offers. OECD consultations (as exist for tied aid) on prospective untied aid offers is central to monitoring implementation of rules in real time. Ex post data on untied aid financed-projects verifies compliance with untied aid rules in the aggregate.

How the data is verified and validated to make certain it is accurate: No independent auditing by the OECD is done with respect to national tied and untied data reporting, but governments have historically been meticulous in reporting the data to the OECD. Furthermore, the details of individual export competitions, including the type of financing offered, become known to U.S. exporters who, for competitive reasons, report this information to Treasury and Ex-Im Bank. This allows spot checks on the data submissions.

Data Accuracy: Highly Accurate.

Frequency: Semi-Annual

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 8: Reform Paris Club debt sustainability to reduce serial rescheduling (Discontinued)

Definition: Paris Club creditors tailor their debt treatment to the financial condition of the debtor so that the debtor will not need to return for further treatment; i.e., the Paris Club provides an “exit” treatment.

Source: Paris Club creditors and debtors negotiate and sign agreements that provide for exit treatments. These events would be communicated to us by the Treasury Office of International Debt Policy.

How the data is verified and validated to make certain it is accurate: Internal (relevant regional offices) and external checks by the State Department Office of Monetary Affairs.

Data Accuracy: Highly Accurate short- to medium-term, but subject to reversal in the long-term. In other words, a country that receives an exit treatment is unlikely to return to the Paris Club in the near term; however, external shocks or internal developments in the debtor country may necessitate a return at some point in the distant future.

Frequency: Semi-Annual.

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 9: Sovereign bond issuers that used Collective Action Clauses (CACs) for the first time in their New York issuance (75% majority clauses and 85% majority clauses) (Discontinued)

Definition: Value of sovereign bonds issued in other sovereigns’ jurisdictions that include CACs, as percentage of total value of sovereign bonds issued in other jurisdictions during the year.

Source: Treasury will request that the IMF compile the data on total issuances and issuances with CACs. The IMF uses commercial data services (such as Bondware) and collects other information on new issues.

How the data is verified and validated to make certain it is accurate: Absent a substantial outlay for a commercial bond data service, Treasury will not be able to independently verify the overall accuracy of the IMF data. However, with an IMF-provided list of constituent issues, the regional desk officers can spot-check some of the entries against known large issues reported by wire services and investment banking reports.

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Data Accuracy: Highly Accurate.

Frequency: Semi-Annual.

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 10: Sovereign bond issuers that continue to use their Collective Action Clauses (CACs) in their New York issuance (not first time) (Discontinued)

Definition: Value of sovereign bonds issued in other sovereigns' jurisdictions that include CACs, as percentage of total value of sovereign bonds issued in other jurisdictions during the year.

Source: Treasury will request that the IMF compile the data on total issuances and issuances with CACs. The IMF uses commercial data services (such as Bondware) and collects other information on new issues.

How the data is verified and validated to make certain it is accurate: Absent a substantial outlay for a commercial bond data service, Treasury will not be able to independently verify the overall accuracy of the IMF data. However, with an IMF-provided list of constituent issues, the regional desk officers can spot-check some of the entries against known large issues reported by wire services and investment banking reports.

Data Accuracy: Highly Accurate.

Frequency: Semi-Annual.

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 11: Sovereign bond issuers that did not use Collective Action Clauses (CACs) in their New York issuance (Discontinued)

Definition: Value of sovereign bonds issued in other sovereigns' jurisdictions that include CACs, as percentage of total value of sovereign bonds issued in other jurisdictions during the year.

Source: Treasury will request that the IMF compile the data on total issuances and issuances with CACs. The IMF uses commercial data services (such as Bondware) and collects other information on new issues.

How the data is verified and validated to make certain it is accurate: Absent a substantial outlay for a commercial bond data service, Treasury will not be able to independently verify the overall accuracy of the IMF data. However, with an IMF-provided list of constituent issues, the regional desk officers can spot-check some of the entries against known large issues reported by wire services and investment banking reports.

Data Accuracy: Highly Accurate.

Frequency: Semi-Annual

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Goal: Increase Free Trade and Cross-Border Investments

Performance Measure 1: Open foreign markets to U.S. financial services firms to increase efficiency in those markets, enhancing international growth and stability (number of agreements) (Discontinued)

Definition: The number of international trade or investment agreements negotiated during the period that includes new commitments by a foreign government to open its financial services markets to U.S. providers. It includes bilateral agreements and multilateral undertakings (e.g., WTO) from which the U.S. benefits.

Source: International Affairs staff and U.S. Trade Representative's Trade Policy Agenda and Annual Report.

Verification and Validation of Data Quality: Based upon a count by International Affairs staff responsible for such negotiations and verifiable by reference to U.S. Trade Representative's Trade Policy Agenda and Annual Report.

Data Accuracy: Highly accurate.

Frequency: Quarterly.

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 2: Number of new Free Trade Agreement (FTA) negotiations and Bilateral Investment Treaty (BIT) negotiations underway or completed (New)

Definition: The number of international trade or investment agreements underway or completed during the period and the number of those that reflect commitments to high standards such as that includes new commitments by a foreign government to open its financial services markets to U.S. providers. It includes bilateral agreements and multilateral undertakings (e.g., WTO) from which the U.S. benefits.

Source: International Affairs staff and U.S. Trade Representative's office reporting.

Verification and Validation of Data Quality: Based upon a count by International Affairs staff responsible for such negotiations and verifiable by reference to U.S. Trade Representative's office of financial services and investment.

Data Accuracy: Highly accurate

Frequency: Quarterly

Performance Measure 3: Of those in measure 2, the number of FTAs and BITs that reflect high standard commitments (New)

Definition: The number of international trade or investment agreements underway or completed during the period and the number of those that reflect commitments to high standards such as that includes new commitments by a foreign government to open its financial services markets to U.S. providers. It includes bilateral agreements and multilateral undertakings (e.g., WTO) from which the U.S. benefits.

Source: International Affairs staff and U.S. Trade Representative's office reporting.

Verification and Validation of Data Quality: Based upon a count by International Affairs staff responsible for such negotiations and verifiable by reference to U.S. Trade Representative's office of financial services and investment.

Data Accuracy: Highly accurate

Frequency: Quarterly

ECONOMIC POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL E2 – PROMOTE STABLE U.S. AND WORLD ECONOMIES

Performance Goal: Strengthen the Stability and Efficiency of Global Capital Markets and Promote the Sound Framework for International Investment

Performance Measure 1: Number of crises in emerging markets (Discontinued)

Definition: Crises in emerging markets can be defined as, “a sudden, usually unexpected collapse of confidence in a significant portion of the banking or financial system – or in currency markets – with potentially large real economic effects” per Morris Goldstein's Presumptive Indicators paper.

Source: Data will track: (a) defaults, (b) currency devaluations, and (c) banking system failures. Defaults are monitored by Moody's and S&P, Treasury subscribes to both services. Currency dislocations would incorporate a 20% nominal exchange rate depreciation over a 6-month period, per CIA / Blue Chip Early Warnings System. Treasury/QPA can provide a report on a regularly scheduled basis. A banking system failure can be characterized by either (1) a bank run leading to closure, merging or public intervention or (2) if no run and either a closure, merger or public intervention. These events would be communicated to us by Treasury/Banking Office.

How the data is verified and validated to make certain it is accurate: Internal checks by Treasury Banking and QPA offices.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 2: Percentage of grant and loan proposals containing satisfactory frameworks for results measurement (New)

Definition: The measure captures the percentage of grant and loan project proposals that contain a satisfactory framework for measuring project results (such as outcome indicators, quantifiable and time-bound targets, etc.) This information is measured on an annual basis.

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Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions.

Verification and Validation of Data Quality: Data provided by the MDB is compared with Treasury MDB Office vote history database and internal supporting memoranda.

Data Accuracy: High accuracy

Frequency: Semi-Annual

Performance Goal: Provide responsible global stewardship of US Government dollars in international financial institutions

Performance Measure 1: Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs (New)

Definition: This measure tracks efforts by International Affairs (IA) staff to monitor quality of IMF country programs and ensure the application of appropriately high standards. IA staff endeavors to review each country program and provide a synopsis and recommendation for action at least one week before each program is voted on by the IMB Board. The measure tracks the percentage of times the staff review is completed in a timely enough manner (at least one week before Board action) to allow for alterations in language if deemed necessary.

Source: International Affairs staff tracks and accounts for actions undertaken during the reporting period.

Verification and Validation of Data Quality: Publicly available accounts of meetings (press, etc.), communiqués issued following multilateral or bilateral meetings.

Data Accuracy: Highly accurate.

Frequency: Semi-Annual

FINANCIAL POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL E1 – PROMOTE PROSPEROUS U.S. AND WORLD ECONOMIES

Performance Goal: Simplify and Reform Tax Code

Performance Measure 1: Average tax compliance cost for individuals and small businesses

Definition: This measures the cost for individuals and small business to satisfy their tax obligations, including the amount of time spent filling out tax forms.

Source: IRS tax data.

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How the data is verified and validated to make certain it is accurate: The Treasury Department and the IRS are in the process of developing a model for measuring the compliance burden on individual taxpayers. This model will be used to develop and evaluate proposals to reduce the compliance burden on individuals, including proposals to simplify the tax laws.

Data Accuracy: Reasonable Accuracy

Frequency: Quarterly

Performance Goal: Increase Free Trade and Remove Barriers to Investment

Performance Measure 1: Encourage movement towards flexible exchange rate regimes (New)

Definition: Encouraging countries with fixed or rigid exchange rate regimes to adopt flexible exchange rate regimes is a key to US competitiveness overseas. International Affairs staff engage in and support economic dialogue with these countries, such as China, and provide technical assistance and support so those countries will be able to transition from fixed to flexible regimes. This measure captures the activities of the fiscal year.

Source: International Affairs staff tracks and accounts for actions undertaken during the reporting period.

How the data is verified and validated to make certain it is accurate: Publicly available accounts of meetings (press, etc.), communiqués issued following multilateral or bilateral meetings.

Data Accuracy: Reasonable Accuracy

Frequency: Semi-Annual

Performance Measure 2: Value of U.S. exports of cross border financial services, excluding insurance (Discontinued)

Definition: This measures, in billions of dollars, the value of U.S. exports of cross border financial services (excluding insurance to other countries, such as a U.S. based firm providing services to another country and not a sale through an affiliate or other commercial presence) the U.S. exports to other countries.

Source: Treasury staff works with survey data compiled by the U.S. Commerce Department.

How the data is verified and validated to make certain it is accurate: Based upon survey data compiled, reviewed and published by the Bureau of Economic Analysis, the U.S. Commerce Department.

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

FINANCIAL POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL E2 – PROMOTE STABLE U.S. AND WORLD ECONOMIES

Performance Goal: Improve Citizens' Economic Security

Performance Measure 1: U.S. household net worth as percentage of disposable personal income (Discontinued)

Definition: The ratio of household net worth to disposable person income in percentage terms in the last quarter of the referenced fiscal year.

Source: Economic data collected from the Federal Reserve Board of Governors, flow of funds data, and balance sheet of the household sector (B.100).

How the data is verified and validated to make certain it is accurate: Economic data collected from the Federal Reserve Board of Governors, flow of funds data, and balance sheet of the household sector (B.100).

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

FINANCIAL POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL F3 – PRESERVE THE INTEGRITY OF FINANCIAL SYSTEMS

Performance Goal: Administer and Evaluate the Terrorist Risk Insurance Program

Performance Measure 1: Promulgate all regulations by first anniversary of statute. (Discontinued)

Definition: Regulations are those necessary to manage the claims processing function including potential litigation under the program.

Source: TRIP program Executive Director responsible for managing and completing objective.

How the data is verified and validated to make certain it is accurate: Publication in the Federal Register.

Data Accuracy: Proposed rules published by date specified and later converted to Final rules.

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Reason for Being Discontinued: Regulations completed by November 26, 2003. TRIP expires in FY 2005.

Performance Measure 2: Implement all regulations necessary to pay claims under the act and create the physical plan necessary to process and manage the claims administration function. (Discontinued)

Definition: Physical plant for claims processing established and operational consistent with the regulations.

Source: TRIP Executive director responsible for successful procurement of services and testing of facility.

How the data is verified and validated to make certain it is accurate: The facility will be tested by actual Insurance Companies submitting claims for processing

Data Accuracy: Companies determine level of errors and ease of utilizing system.

Reason for Being Discontinued: TRIP expires in FY 2005.

Performance Goal: Implement Critical Infrastructure Protection Policies

Performance Measure 1: Increase percentage of participation rate of U.S. financial institutions in the Financial Sector-Information Sharing and Analysis Center (FS-ISAC) (by segment).

Definition: The increase/decrease in usage by the financial services sector of the FS-ISAC by the number of financial sector institutions participating in the FS-ISAC at the end of each calendar year.

Source: FS-ISAC subscription list.

Verification and Validation of Data Quality: The FS-ISAC will provide data from their subscription lists showing the number of financial sector institutions participating in the FS-ISAC.

Data Accuracy: Very Accurate.

Frequency: Quarterly.

FINANCIAL POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL F4 – MANAGE THE GOVERNMENT’S FINANCES EFFECTIVELY

Performance Goal: Achieve “lowest cost” financing over time

Performance Measure 1: Cost per dollar of debt issued: operational cost and interest cost. (Discontinued)

Definition: The cost per dollar of debt issued includes net interest and operational costs (e.g., salaries, benefits, travel, communications, other services, supplies and equipment).

Source: OMB Mid-Session review and Treasury financial data.

How the data is verified and validated to make certain it is accurate: Data is from the OMB FY Mid-Session review for marketable debt issuance/net interest cost and Treasury's financial data for operational cost

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Make Accurate, Timely Information on U.S. Government Programs Readily Available

Performance Measure 1: Release Federal Government-wide financial statements on time.

Definition: This report is the audited consolidated financial report of the Federal Government required by the Government Management Reform Act.

Source: Release date is public.

How the data is verified and validated to make certain it is accurate: Report is released to the public so its release date is independently verified. Due date is established by Treasury/OMB policy decision since it exceeds the statutory requirement of March 31. Data are collected from the audited financial results of all federal agencies and is audited by GAO.

Data Accuracy: Reasonable Accuracy.

Frequency: Annual.

Performance Measure 2: Audit opinion received on government-wide financial statements.

Definition: This is the independent audit opinion rendered on the financial statements by GAO. GAO is the statutorily prescribed auditor.

Source: GAO audit of Treasury financial statements.

How the data is verified and validated to make certain it is accurate: Opinion is included in the published financial report and is also available directly from GAO.

Data Accuracy: Reasonable Accuracy.

Frequency: Annual.

Performance Measure 3: Variance between estimated and actual receipts (annual forecast).

Definition: Percentage error measures the accuracy of the Mark receipts forecasts produced monthly by the Office of Cash and Debt Management (OCDM). It measures the relative amount of error or bias in OCDM's receipts forecasts. The percentage error is computed by subtracting the forecast value of tax receipts from the actual ($A_t - F_t$), and dividing this error of forecast by the actual value, and then multiplying it by 100.

$$PE_t = ((A_t - F_t)/A_t) * 100$$

A_t is actual value of receipts at time t , and F_t is forecasted value of receipts at time t . The average percentage error is more general measure that will be used to compare the relative error in the forecasts. This measure adds up all the percentage errors at each point and divides them by the number of time point

$$APE = |(\sum_{t=1}^T PE_t)|/T$$

where PE_t is the percentage error of forecasts in (1) and T is the total number of time point. The absolute value of the average percentage error will be used to measure the magnitude of error or bias in the receipts forecasts.

Source: Compilation of tax receipts by major category by the Office of the Fiscal Assistant Secretary.

How the data is verified and validated to make certain it is accurate: OCDM within the Office of the Fiscal Assistant Secretary compiles receipts data by major categories (i.e., withheld income taxes, individual taxes, FICA, corporate, customs deposits, estate and excise) as well as by types of collection mechanisms (electronic and paper coupons). In addition, OCDM is also responsible for forecasting the daily tax receipts in order to manage the Federal Government's cash flow. Hence, data on monthly and daily federal tax receipts of actual and forecasts are compiled by the office and are used to report on the United States' monthly, weekly, and daily cash position in addition to determining the optimal financing for cash management.

Data Accuracy: Reasonable Accuracy.

Frequency: Annual.

FINANCIAL CRIMES, POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL F3 – PRESERVE THE INTEGRITY OF FINANCIAL SYSTEMS

Performance Goal: Identify, Trace, and Freeze Financial Assets of Terrorists and other Financial Criminals

Performance Measure 1: Percent reduction in the number of countries removed from the Financial Action Task Force 40+9 non-cooperative countries and territories (NCCT) list. (New)

Definition: The Financial Action Task Force (FATF) 40+9 is the international standards in the fight against money laundering and terrorist financing. The FATF NCCT process is the mechanism by which FATF identifies and takes collective action against countries that are non-cooperative in the international fight against money laundering. A reduction of countries on the NCCT list indicates an increased compliance in countries that were previously non-compliant.

Source: FATF data.

How the data is verified and validated to make certain it is accurate: TFFC data undergoes multiple quality checks to ensure accuracy.

Data Accuracy: Reasonably accurate.

Frequency: Annually.

Performance Measure 2: Number of targets recommended for interagency consideration for terrorist designation or alternative actions.

Definition: This represents the number of potential targets which are either (1) identified by OFAC through its own independent research or (2) which are referred to OFAC by other U.S. Government agencies or (3) referred to the U.S. Government through either the UN or through bilateral discussions with the United State's international partners, for which there is a reasonable cause to believe that the target in question can be designated pursuant to U.S. and/or international legal authorities. Regardless of the method by which a target is identified, OFAC independently researches each and every potential target and prepares an administrative record in order to establish that there is legal sufficiency to designate pursuant to U.S. authorities. This record serves as the basis for a case summary which is presented to the interagency for its consideration on whether to pursue a designation or alternative USG actions.

Source: Classified and unclassified information available to the U.S. Government as well as information received from other government agencies and international channels.

How the data is verified and validated to make certain it is accurate: When researching information on a proposed target, OFAC analysts utilize and cross-check and compare all available and relevant sources of information available to the U.S. Government, both classified and unclassified, in order to verify and validate the information and to check for accuracy. In addition, all

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information referred to OFAC by other government agencies and international channels is independently reviewed and researched in order to corroborate assertions and allegations found therein.

Once an administrative record is completed, it undergoes a vigorous review process. At least two OFAC personnel conduct an internal review of the record and supporting information to verify and validate the accuracy of the record. In addition, the Department of the Treasury's Office of the General Counsel and the Department of Justice review the record for legal sufficiency which requires reviewing the information to ensure that it has been accurately recorded. Finally, a summary of the record is provided to interested U.S. Government agencies for their review and comment.

Data Accuracy: Given that the aforementioned rigorous review process to verify and validate the accuracy of the information, and the underlying information is derived from multiple sources, both classified and unclassified, and is also compared and cross checked, the administrative record which supports an OFAC recommendation is an accurate representation of the information available to OFAC.

Frequency: Quarterly.

Performance Measure 3: Maintain the annual increase in the number of and significance to the foreign narcotics traffickers of new designated targets.

Definition: OFAC systematically attacks the foreign drug cartels' networks of business investments and money laundering, especially their penetrations of the legitimate economy, by exposing, isolating, and impeding or incapacitating them, principally through denying them access to the U.S. financial and economic system. Narcotics designations (SDNTs and KPA Tier Is and Tier IIs) are a combination of major foreign drug traffickers (individuals and groups) and the persons (individuals and entities) that serve as their agents, straw men, operatives, front companies, money laundering connections, and penetrations into legitimate business. This is accomplished by investigation and research to determine who they are and to place them on the designation list.

Source: The evidence used to develop the designation cases is examined for sufficiency on a case-by-case basis internally and involving OFAC's legal counsel and the Justice Department.

How the data is verified and validated to make certain it is accurate: Designations are self-verifying and self-validating. Placing them on the SDNT-KPA list is a public action based upon evidence that specifically identifies the designated parties. The numbers designated will be absolutely known as will the identity of each target designated. The evidence used to develop the designation cases is examined for sufficiency on a case-by-case basis internally and involving OFAC's legal counsel and the Justice Department. Targets are also vetted with other agencies involved in counter-narcotics matters.

Target significance will be measured in part by the evidence used to justify the designation, in part by the demonstrated interconnection with other targets and with previous designations, and in part by the interagency process of consultation regarding the targets. Certain cases, additional target significance are validated through public sources, sensitive law enforcement sources, or classified information.

Data Accuracy: The number and nature of targets will be precisely known without error because OFAC controls the designation from the investigation and research phase, through the production of the evidentiary record, to the act of designation at which point the numbers and identities of the designated targets are made public.

Frequency: Quarterly.

Performance Measure 4: Increase in number of drug trafficking/terrorist related financial sanctions targets identified and made public. (Discontinued)

Definition: This represents the number of targets which are either (1) identified by OFAC through its own independent research or (2) which are referred to OFAC by other U.S. government agencies or (3) referred to the U.S. government through either the U.N. or through bilateral discussions with the United State's international partners, for which there is a reasonable cause to believe that the target in question can be designated pursuant to U.S. and/or international legal authorities. Regardless of the method by which a target is identified, OFAC independently researches each and every potential target and prepares an administration record in order to establish that there is legal sufficiency to designate pursuant to U.S. authorities. This record serves as the basis for a case summary which is presented to the interagency for its consideration on whether to pursue a designation or alternative USG actions.

Source: When research information on a proposed target, OFAC analysts utilize and cross-check and compare all available and relevant sources of information available to the U.S. government, both classified and unclassified, in order to verify and validate the information and to check for accuracy. In addition, all information referred to OFAC by other government agencies and international channels is independently reviewed and researched in order to corroborate assertions and allegations found therein.

How the data is verified and validated to make certain it is accurate: Once an administrative record is completed, it undergoes a vigorous review process. At least two OFAC personnel conduct an internal review of the record and supporting information to verify and validate the accuracy of the record. In addition, the Department of the Treasury's Office of the General Counsel and the Department of Justice review the record for legal sufficiency which requires reviewing the information to ensure that it has been accurately recorded. Finally, a summary of the record is provided to interested U.S. government agencies for their review and comments.

Data Accuracy: Given that the aforementioned rigorous review process to verify and validate the accuracy of the information, and that the underlying information is derived from multiple sources, both classified and unclassified, and is also compared and cross checked, the administrative record which supports an OFAC recommendation is an accurate representation of the information available to OFAC.

Frequency: Quarterly

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Measure 5: Increase in sanctions targets frozen under drug and terrorist related sanctions programs. (Discontinued)

Definition: OFAC systematically attacks the foreign drug cartels' networks of business investments and money laundering, especially their penetrations of the legitimate economy, by exposing, isolating, and impeding or incapacitating them, principally through denying them access to the U.S. financial & economic system.

Source: Narcotics designations (SDNT's and KPA Tier Is and Tier IIs) are a combination of major foreign drug traffickers (individuals and groups) and the persons (individuals and entities) that serve as their agents, straw men, operatives, front companies, money laundering connections, and penetrations into legitimate business. This is accomplished by investigation and research to determine who they are and to place them on the designation list.

How the data is verified and validated to make certain it is accurate: Designations are self-verifying and self-validating. Placing them on the SDNT-KPA list is a public action based upon evidence that specifically identifies the designated parties. The numbers designated will be absolutely known as will the identity of each target designated.

Target significance will be measured in part by the evidence used to justify the designation, in part by the demonstrated interconnection with other targets and with previous designations, and in part by the interagency process of consultation regarding the targets. In certain cases, additional target significance is validated through public sources, sensitive law enforcement sources, or classified information.

Data Accuracy: T The number and nature of targets will be precisely known without error because OFAC controls the designation from start to finish when the numbers and identities of the designated targets are made public.

Frequency: Quarterly

Reason for Being Discontinued: Replaced with a new, more appropriate measure.

Performance Goal: Strengthen Coordination and Cooperation to Globally and Effectively Enforce Financial Sanctions Policies

Performance Measure 1: Maintain turnaround time for submissions with significantly increased workload. (New)

- a. Requiring internal OFAC review with significantly increased workload.
- b. Requiring Chief Counsel's Office/interagency review with significantly increased workload.

Definition: The number of business days to process a license application from the time it is received in the Licensing Division to the time the final determination is issued.

Source: Database maintained by OFAC.

How the data will be verified and validated to make certain it is accurate: The Licensing Assistant assigns the case to a Licensing Officer in OFAC's database, which has been designed to track all case movement. Upon completion of the review process and

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issuance of the final determination, the Licensing Assistant enters the date the case is mailed and therefore closed. The database generates a report that calculates the number of business days it takes to process an application.

Data Accuracy: The data contained in the database generated report is considered very accurate providing that the Licensing Assistant enters the information without error.

Frequency: Quarterly.

Performance Goal: Engage international partners in disrupting terrorist financing

Performance Measure 1: Increase number of terrorist finance designations for which other countries join in the U.S. (New)

Definition: Public designation of terrorist-related entities per Executive Order 13224 is a fundamental objective of the Treasury Department's multi-prong strategy to combat terrorist financing. Designating terrorist, their supporters and organizational entities helps freeze specific terrorist related assets, shuts down access to mainstream financial sectors, informs third parties who may be unwittingly financing terrorist activities, deters non-designated parties who may otherwise be willing to finance terrorist activity, exposes terrorist financing "money trails" and forces terrorists to use potentially more costly and less efficient means of financing their activities. Additionally, public designation also support diplomatic efforts to strengthen international capacity to combat terrorist financing through adoption and implementation of United Nations Security Council Resolutions 1373 and 1455 that freeze assets of all terrorists, and specifically assets of al Qaeda, Osama bin Laden and the Taliban.

Source: Office of Foreign Assets Control (OFAC) data.

How the data is verified and validated to make certain it is accurate: TFFC data undergoes multiple quality checks to ensure accuracy.

Data Accuracy: Reasonably accurate.

Frequency: Annually.

Performance Measure 2: Number of countries that are assessed for compliance with the Financial Action Task Force 40+9 recommendations. (New)

Definition: Establishing FATF 40+9 international standards is only the first step toward identifying and destroying terrorist networks and denying terrorists access to the international financial system. Without vigorous and consistent implementation of these standards throughout the world, terrorists will enter the international financial system at the point of least resistance, and preventative national efforts will be rendered considerably less effective. In concert with the international community, TFI is deploying a three-prong strategy that 1) objectively assesses all countries against the FATF 40+9, 2) provides capacity-building assistance for key countries in need and 3) isolates and punishes those countries and institutions that facilitate terrorist financing. TFI is working with international bodies like FATF, IMF and World Bank to ensure compliance. The IMF and World Bank have

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adopted the FATF 40+9 and they use those standards to assess countries for compliance.

Source: FATF, FATF-style regional bodies (FSRB), International Monetary Fund and World Bank data.

How the data is verified and validated to make certain it is accurate: TFFC data undergoes multiple quality checks to ensure accuracy.

Data Accuracy: Reasonably accurate.

Frequency: Annually.

Performance Measure 3: Increase the dollar amount of terrorist assets and number of number of channels blocked. (New)

Definition: TFFC blocks channels available to terrorists by utilizing the authority to designate persons or entities under Executive Order 13224 that are determined to have “assisted in, sponsored, or provided financial, material or technological support for, or financial or other services to or in support of, such acts of terrorism”. TFFC continues to make efforts to cooperate and coordinate with the international community to work towards the prevention and suppression of acts of terrorism, the denial of financing and financial services to terrorists and terrorist organizations, and the sharing of intelligence about funding activities in support of terrorism. Paradoxically, the success of TFFC in their efforts towards the goal of making the world’s financial systems unavailable to terrorists may result in a decrease in the number of designations or the dollar amount of terrorist assets seized as terrorists come to recognize that they are unable to use the formal financial system to move or store their tainted funds.

Source: Department of the Treasury’s TFI data.

How the data is verified and validated to make certain it is accurate: TFFC data undergoes multiple quality checks to ensure accuracy.

Data Accuracy: Reasonably accurate.

Frequency: Annually.

Performance Measure 4: Increase the number of international measures and bodies established internationally to protect the financial system from money laundering and terrorist financing (New)

Definition: FATF and the FATF-style regional bodies (FSRBs) are the international bodies that hold members to FATF's standards. At the end of FY04, such bodies existed in South America, the Caribbean, Africa, Europe and Asia Pacific. At the beginning of FY05, no such bodies existed for Central Asia, and in the Middle East/North Africa--two key regions in the fight against terrorism. This is a major achievement that will bring a range of critical jurisdictions under the financial standards of the international community.

Source: FATF data.

How the data is verified and validated to make certain it is accurate: TFFC data undergoes multiple quality checks to ensure accuracy.

Departmental Offices

Data Accuracy: Reasonably accurate.

Frequency: Annually.

Performance Measure 5: Increase the number of outreach engagements with the charitable and international financial communities.
(New)

Definition: Identifying, attacking and protecting against terrorist abuse of charities require the active support of charities themselves. The government and the charitable sector share common interests in promoting and protecting charitable giving. Through active engagement, we can foster awareness of terrorist financing risks, clarify and improve existing obligations and best practices, cultivate informants, potentially develop more effective and meaningful regulatory mechanisms, and help promote charitable giving while reducing threats of terrorist abuse. TFFC also continues its discourse with the international financial community through mechanisms like the Wolfsburg Group and with domestic organizations with international ties through private sector outreach forums like the Bank Secrecy Act Advisory Group (BSAAG). TFFC is also continuing to cultivate relationships in specific regions of the world with their banking and financial services organizations by promoting mentoring programs like the “Buddy Bank Initiative” that partners more sophisticated institutions with those that could benefit from receiving information on how best to protect themselves being abused by terrorist or criminal organizations.

Source: Data collected by the Department of Treasury's Office of Terrorism and Financial Intelligence (TFI); Terrorist Financing and Financial Crimes (TFFC).

How the data is verified and validated to make certain it is accurate: Department of the Treasury's TFI data based on outreach events.

Data Accuracy: Reasonably accurate.

Frequency: Annually.

Treasury Objective: Increase the reliability of the U.S. financial system

Performance Measure 1: Increase number of terrorist finance designations for which other countries join in the U.S. (Discontinued)

Definition: This measure captures the number of countries around the world who simultaneously or post-event designate with the U.S. when new names are added to the list.

Source: Database maintained by International Affairs' Task Force on Terrorist Finance.

How the data is verified and validated to make certain it is accurate: International Affairs' Task Force on Terrorist Finance maintains a database which includes this statistic. Personal contacts with partner countries around the world and cross checks with UN designations ensure the data is valid.

Departmental Offices

Data Accuracy: Reasonably Accurate.

Reason for Being Discontinued: The measure related to the International Affairs and Economic Policy offices prior to creation of the Office of terrorism and Financial Intelligence.

TREASURY-WIDE MANAGEMENT POLICIES AND PROGRAMS BUDGET ACTIVITY

TREASURY STRATEGIC GOAL M5 -- ENSURE PROFESSIONALISM, EXCELLENCE, INTEGRITY AND ACCOUNTABILITY IN THE MANAGEMENT AND CONDUCT OF THE DEPARTMENT OF THE TREASURY

Performance Goal: Each Bureau's Supervisory, Managerial and SES Individual Performance Plans include a Measure for Human Capital and EEO Accountability

Performance Measure 1: Bureau performance plans for supervisors, managers, and SES members contain elements that link to the bureau mission

Definition: The overall percentage of bureaus' whose performance plans for supervisors, managers, and SES members contain elements that specifically link to the bureau mission.

Source: Questions/answers posed to bureaus by the Office of the DAS for Workforce Management and sample evaluation plans submitted by the bureaus. On October 1, 2004, the Department will begin implementation of a new Human Capital System for Accountability that includes Human Capital performance measures. Accordingly, the above measures may be changed or redefined for FY 2005 and beyond.

How the data is verified and validated to make certain it is accurate: Data will include bureau feedback in response to questions and answers posed by the Office of the DAS for Workforce Management and from sample evaluation plans submitted by the bureaus. The DASWM office will identify gaps in bureau plans and, as needed, discussions related to mitigation strategies will be held when appropriate.

Data Accuracy: Reasonably Accurate.

Frequency: Annual.

Performance Measure 2: Complete investigations of EEO complaints within 180 days. (Reworded)

Definition: A closure is an investigation where the notice of election is sent to the Complainant or a case is closed by settlement, withdrawal, or dismissal.

Departmental Offices

Source: Treasury's automated Complaint Tracking System.

How the data is verified and validated to make certain it is accurate: Data is periodically reviewed to ensure accuracy.

Data Accuracy: Highly Accurate.

Frequency: Quarterly. Data is input on a continual basis as the complaint moves through the system.

Performance Goal: Manage Treasury Resources Effectively

Performance Measure 1: Management cost per Treasury Employee. (New)

Definition: Total amount budgeted for Treasury's strategic objective, M5B, divided by total amount of Treasury FTEs.

Source: Total amount budgeted for M5B is taken from the approved Treasury budget for each fiscal year. The total amount of Treasury FTEs is taken by each bureau from the Department of Agriculture's National Finance Center database.

How the data is verified and validated to make certain it is accurate: Treasury's Office of Performance Budgeting staff carefully checks and verifies data.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Performance Goal: Protects Workers and Workplace from Security Breaches

Performance Measure 1: Efficiency (time) rate for evacuating buildings. (Discontinued)

Definition: The time it takes to evacuate buildings occupied by DO employees during an emergency.

Source: Emergency evacuation representatives.

How the data is verified and validated to make certain it is accurate: Each building is assigned emergency evacuation representatives who oversee the evacuation and measure the time it takes to evacuate the building. Representatives report their evacuation times to DO's Safety Office.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Promote Workplace Free of Uncontrolled Health, Safety, and Environmental Risks

Performance Measure 1: Injury and illness rate Treasury-wide, including Departmental Offices (Reworded)

Definition: The number of reported work-related injuries and illnesses Treasury-wide.

Source: Safety and Health Information Management System

How the data is verified and validated to make certain it is accurate: Data are collected from the Safety and Health Information Management System

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Performance Measure 2: Percent reduction in injury and illness rate over FY 2003 baseline. (Discontinued)

Definition: The percentage of reported work-related injuries and illnesses for Departmental Offices (DO) and Treasury-wide, including DO.

Source: Safety and Health Information Management System

How the data is verified and validated to make certain it is accurate: Data are collected from the Safety and Health Information Management System

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Measure 3: Lost time due to injury and illness rate over FY 2003 baseline (Discontinued)

Definition: Measures amount of time lost from work as a result of work-related injuries and illnesses for Departmental Offices and Treasury-wide, including DO.

Source: Safety and Health Information Management System.

How the data is verified and validated to make certain it is accurate: Data are collected from the Safety and Health Information Management System.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Departmental Offices

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Measure 4: Percent reduction in lost time due to injury and illness rate over FY 2003 baseline (Discontinued)

Definition: Percentage amount of time lost from work as a result of work-related injuries and illnesses for Departmental Offices and Treasury-wide, including DO.

Source: Safety and Health Information Management System.

How the data is verified and validated to make certain it is accurate: Data are collected from the Safety and Health Information Management System.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Increase the Use of Alternative Dispute Resolution (ADR) and Preventative Techniques to Improve the Quality of the Workplace

Performance Measure 1: Percent of complainants informally contacting EEO (for the purpose of seeking counseling or filing a complaint) who participate in the ADR process. (New)

Definition: EEO contact means an instance where an EEO Counselor or an ADR Intake Officer performs the counseling duties described in Chapter 2 of MD 110. This is the same information which is reported in Part One, Section one of 462 report.

Participation means both parties agree to enter an ADR process.

Source: Treasury's automated Complaint Tracking System.

How the data is verified and validated to make certain it is accurate: Data is periodically reviewed to ensure accuracy.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Performance Measure 3: Increase in the number of instances for which ADR is offered at the formal EEO complaint stage. (Discontinued)

Definition: Participation means both parties agree to enter an ADR process.

Source: ADR records maintained by the Treasury bureaus and TCC in various systems, which may be automated or non-automated.

How the data is verified and validated to make certain it is accurate: Data is periodically reviewed by EEO officials.

Data Accuracy: Reasonably Accurate.

Frequency: Quarterly.

Performance Goal: Integrate Bureau Financial Data into a Departmental-wide Financial Analysis and Reporting System

Performance Measure 1: Percent of monthly financial submissions by bureaus/reporting entities that are timely and contain quality data (*Management Challenge, President's Management Agenda*) (Discontinued)

Definition: This measures the percentage of bureaus and reporting entities whose data are entered into Treasury's Financial Analysis and Reporting System (FARS) within the prescribed timeframe each month and meets all data quality metrics.

Source: Treasury's Financial Analysis and Reporting System (FARS).

How the data is verified and validated to make certain it is accurate: Bureau/Reporting entity data submissions are received electronically within the prescribed timeframe (20 business days pre-June 2002 and 3 business days post-June 2002) of the end of the prior month. Financial reports and statements are consistent with bureaus' reports generated from their respective core financial systems. Year-end consolidated financial statements are auditable by Treasury's auditors. All data updated on a monthly basis; data passes all system edits; and, abnormal balances are within prescribed limits.

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Improve the Quality and Timeliness of the Required Audit of Treasury-wide Financial Statements

Performance Measure 1: Delivery date of Treasury-wide financial statement and audit opinion (i.e., a "clean" opinion) [Target: Month and Day/Unqualified] (*President's Management Agenda*) (Discontinued)

Departmental Offices

Definition: The quality of Treasury's financial statements in terms of the audit opinion rendered as a result of an independent audit.

Source: Treasury's Accountability Report and audit opinions.

How the data is verified and validated to make certain it is accurate: Verification of both measures can be made from reviewing the Department's Accountability Report and observing the audit opinion rendered as well as the date of the Secretary's Message within the report. Data are materially correct as determined through the audit process.

Data Accuracy: Reasonable Accuracy.

Frequency: Annual.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Reduce/Prevent Internal Control/Audit Resolution Open Items

Performance Measure 1: Number of open material weaknesses (significant management problems identified by GAO, the IGs and/or the Bureaus) (*President's Management Agenda*)

Definition: Treasury wants to reduce and eventually eliminate its material weaknesses that currently exist within Treasury, while simultaneously taking actions to avoid new material weaknesses. Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations, identified by the General Accounting Office, Treasury's Inspectors General, and/or Treasury bureaus.

Source: Independent review to validate material weakness has been corrected if deemed necessary by bureau management/OIG/TIGTA.

How the data is verified and validated to make certain it is accurate: Certification statement issued by head of bureau/corroborated by auditors. Independent review to validate material weakness has been corrected if deemed necessary by bureau management/OIG/TIGTA. Number of material weaknesses is accurate based on management's assertions/audit review.

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly

Performance Goal: Ensure Compliance with Federal Financial Management Improvement Act of 1996

Performance Measure 1: Percent of bureaus in compliance with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA) (*Management Challenge, President's Management Agenda*) (Discontinued)

Departmental Offices

Definition: The Federal Financial Management Improvement Act Of 1996 requires agencies to maintain financial management systems that comply substantially with Federal financial management systems requirements. This measures the percentage of Treasury bureaus that are in compliant with these requirements.

Source: Bureau financial statements and auditor reports.

How the data is verified and validated to make certain it is accurate: Treasury management and/or auditors do not find any instances of bureaus being in substantial non-compliance with the Act's requirements. Data are accurate based on management evaluation and auditor corroboration.

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Ensure IT and Non-IT Investments Improve Performance and Facilitate Mission Goals

Performance Measure 1: Percent of IT capital investments that are within costs, on schedule, and meeting performance targets. (Discontinued)

Definition: Under the Federal Acquisition Streamlining Act, Part V (FASA V), Treasury must ensure that at least 90 percent of information technology investments are within costs, on schedule, and meeting performance targets. By complying with FASA V, Treasury is able to demonstrate appropriate management of its capital investments. Treasury's system for collecting this data and assessing compliance with FASA V is the Information Technology Investment Portfolio System (I-TIPS). The percentage is calculated by dividing the total number of reported capital investments in I-TIPS by the total number of capital investments that are within costs, on schedule, and meeting performance targets.

Source: Data are entered in I-TIPS by bureau and departmental staff, and is manually verified and validated by bureau and departmental management.

How the data is verified and validated to make certain it is accurate: System data are updated at least annually and then reviewed by departmental management offices. Data for non-IT investments is also maintained in the I-TIPS. [Note: validation/verification is provided by the bureau. Independent verification/validation is not available].

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Measure 2: Percent of non-IT capital investments that are within costs, on schedule, and meeting performance targets (Discontinued)

Definition: Current Non-IT portfolio consists of 10 capital investments projects, three of which have been completed (BEP Main Chiller, BEP Freight Elevator, and BEP Roof Replacement projects). BEP Next Generation Currency Project is reflected as on track for completion for 12/31/03. BEP Power Distribution System Project (FY 2001 – 2006), TIGTA Vehicle Fleet Project (FY 1999 - 2009), MINT Continuous Press Replacement Project (FY 1999 – 2006), and BEP Production Press Replacement Project (FY 2000 – 2008) appear to be on track based on schedule and projected budget funding. These projects account for 80% of FY 2003 100% targeted performance.

Source: Information Technology Investment Portfolio System data base into which bureau and departmental staff enter data.

How the data is verified and validated to make certain it is accurate: Data are entered in the Information Technology Investment Portfolio System (I-TIPS) by bureau and departmental staff, and is manually verified and validated by bureau and departmental management. [Note: validation/verification is provided by the bureau. Independent verification/validation is not available].

Data Accuracy: Reasonable Accuracy.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Expand A-76 Competitions and Provide a More Accurate FAIR Act Inventory

Performance Measure 1: Percent of total eligible FTE competitively-sourced. (Discontinued)

Definition: The number of eligible FTE competed or directly converted in accordance with A-76 as compared to the FY 2000 FAIR Act Commercial Inventory.

Source: Bureau study plans have already been provided to Treasury and approved by OMB. On a monthly basis, DO contacts the bureaus to determine how they are progressing with their plans. This information is the scored using OMB's "red, yellow or green" scoring process based on attained progress. On a quarterly basis, Treasury provides this data to OMB who then scores Treasury's progress.

How the data are verified and validated to make certain it is accurate: As part of the monthly scoring of the bureaus, DO reviews the data submitted by the bureaus to ensure that Treasury has complied with the requirements of OMB Circular A-76.

Data Accuracy: 100% Accurate.

Reason for Being Discontinued: OMB no longer tracks the percentage of the Fair Act Inventory FTE completed. Even so, Treasury continues to meet monthly with OMB officials on its competitive sourcing activities as part of the President's Management Agenda.

Performance Goal: Improve Computer Security across the Department by Ensuring that all Treasury IT Systems are Certified and Accredited to Operate (Discontinued)

Performance Measure 1: Percent of all Treasury IT systems that are currently certified and accredited to operate. (Discontinued)

Definition: Per OMB Circular A-130, Appendix III, all major application and general IT systems must be certified and accredited following appropriate Department/Agency IT Security guidelines. While OMB Circulars are not laws, OMB Circulars are considered mandatory guidelines for all U.S. government departments and agencies. These rules help ensure that the government is managed properly and in the best interests of the general public. To ensure that Treasury is following the rules outlined in OMB Circular A-130, in FY 2001, Treasury established a unique performance measure for Department-wide use: the percentage of major application and general support information technology systems that are certified and accredited. Bureaus report the total number of major application and general support systems operating, and how many of these have been certified and accredited by a given date each year. The percentage is created by dividing the number of systems certified and accredited by the total number of systems in operation.

Source: Treasury Office of Security.

How the data is verified and validated to make certain it is accurate: Data will be collected and maintained by Treasury's Office of Security. Surveys are conducted annually by the Office of Security. Appropriately cleared Departmental senior management will review the survey and resulting data. Office of Security staff verifies data during annual compliance reviews. From these reviews, we are 100% confident that each bureau accurately reports the number of certified and accredited systems.

Data Accuracy: Reasonable Accuracy.

Frequency: Quarterly.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Goal: Integrate Budget and Performance Data to Ensure that Unit Cost Information is Available to Inform Budget Decision (Discontinued)

Performance Measure 1: Percentage of Treasury budget/program activities that have outcome-oriented measures in the Annual Performance Budget. (Discontinued)

Definition: Percentage of measures that is outcome-oriented.

Source: Data will be captured and tabulated by a member of Treasury's Office of Performance Budgeting (OPB) by reviewing the types and number of measures included in each bureau's annual performance plan...

Departmental Offices

How the data is verified and validated to make certain it is accurate: The tabulations will be "double checked" by a member of the OPB staff.

Data Accuracy: Reasonable Accuracy.

Frequency: Annual.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.

Performance Measure 2: Percentage of Treasury budget/program activities that have efficiency measures in the Annual Performance Budget. (Discontinued)

Definition: This measures progress in integrating budget and performance by the use of cost accounting information. It is the percent of Treasury programs/budget activities presented each year in the Treasury bureau's annual performance plans that contain efficiency measures. Efficiency measures include timeliness metrics and unit cost metrics that identify full cost (direct, indirect and overhead) to perform activity/function. In calculating the percent the denominator would be the count of budget/program activities from bureaus; the numerator is the number of those that contain one or more unit costs.

Source: Data will be captured and tabulated by a member of Treasury's Office of Performance Budgeting (OPB) by reviewing the types and number of measures included in each bureau's annual performance plan.

How the data is verified and validated to make certain it is accurate: The tabulations will be "double checked" by a member of the OPB staff.

Data Accuracy: Reasonable Accuracy.

Frequency: Annual.

Reason for Being Discontinued: Discontinued as a result of Treasury's efforts to streamline its current set of performance measures to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities and reduce administrative burden.